

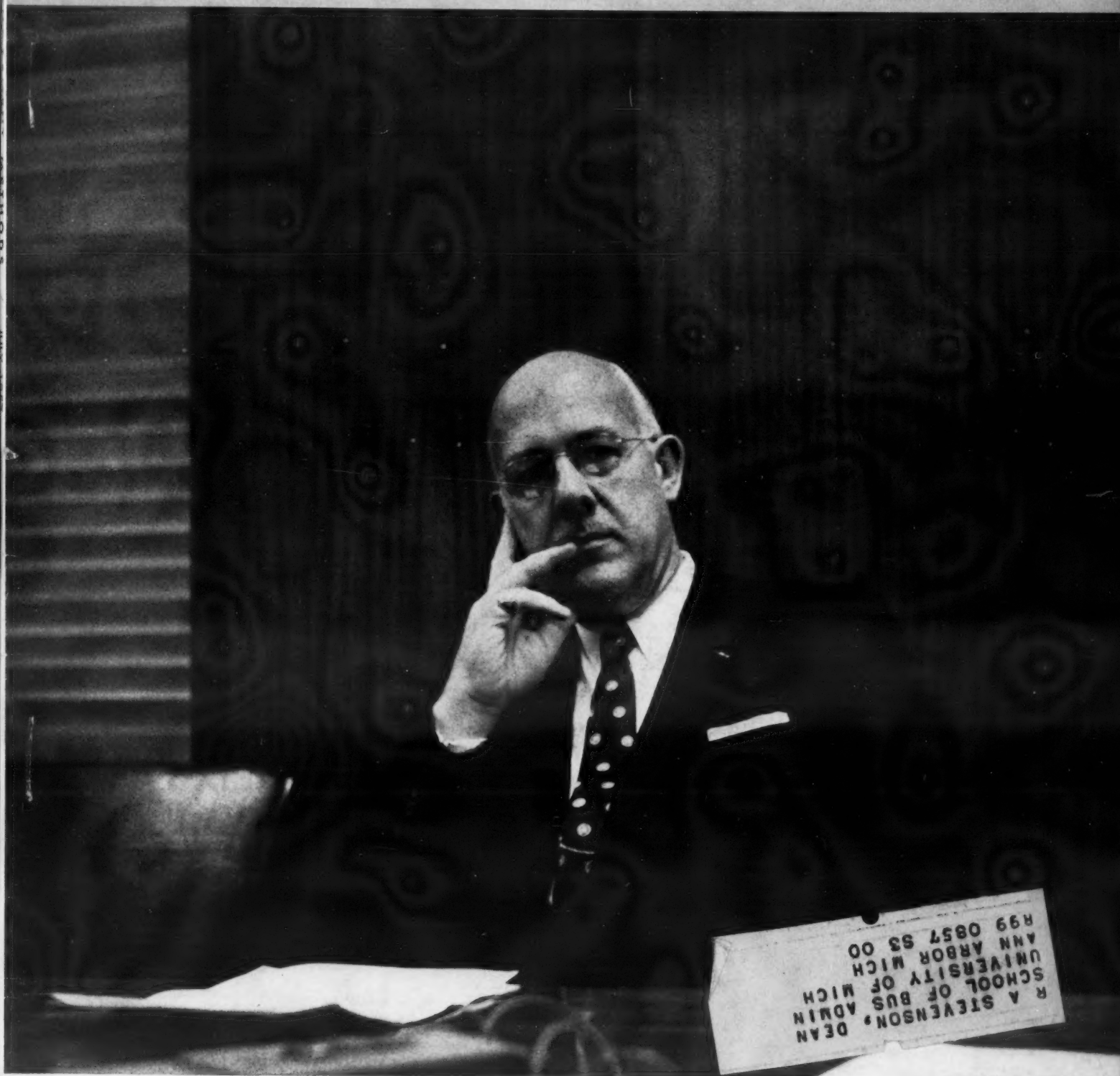
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MANAGEMENT METHODS

JULY 1957

PRACTICAL SOLUTIONS TO ADMINISTRATIVE PROBLEMS



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UNIVERSITY OF MICH
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IN THIS
ISSUE

AMA's Lawrence Appley tells: How to be a professional manager *page 24*

How to help your retailers fight the money squeeze *page 43*



in this and other smart decorator colors

42 smartly-styled models, efficiently designed and sturdily built for a business lifetime of wear

Your office should be as attractive and comfortable as a home living room. And why not . . . when you can get Generalaire, America's most modern office desk that is turning dull-looking clerical areas into pleasant places to work.

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tops for eye-resting qualities as well as smooth functional beauty.

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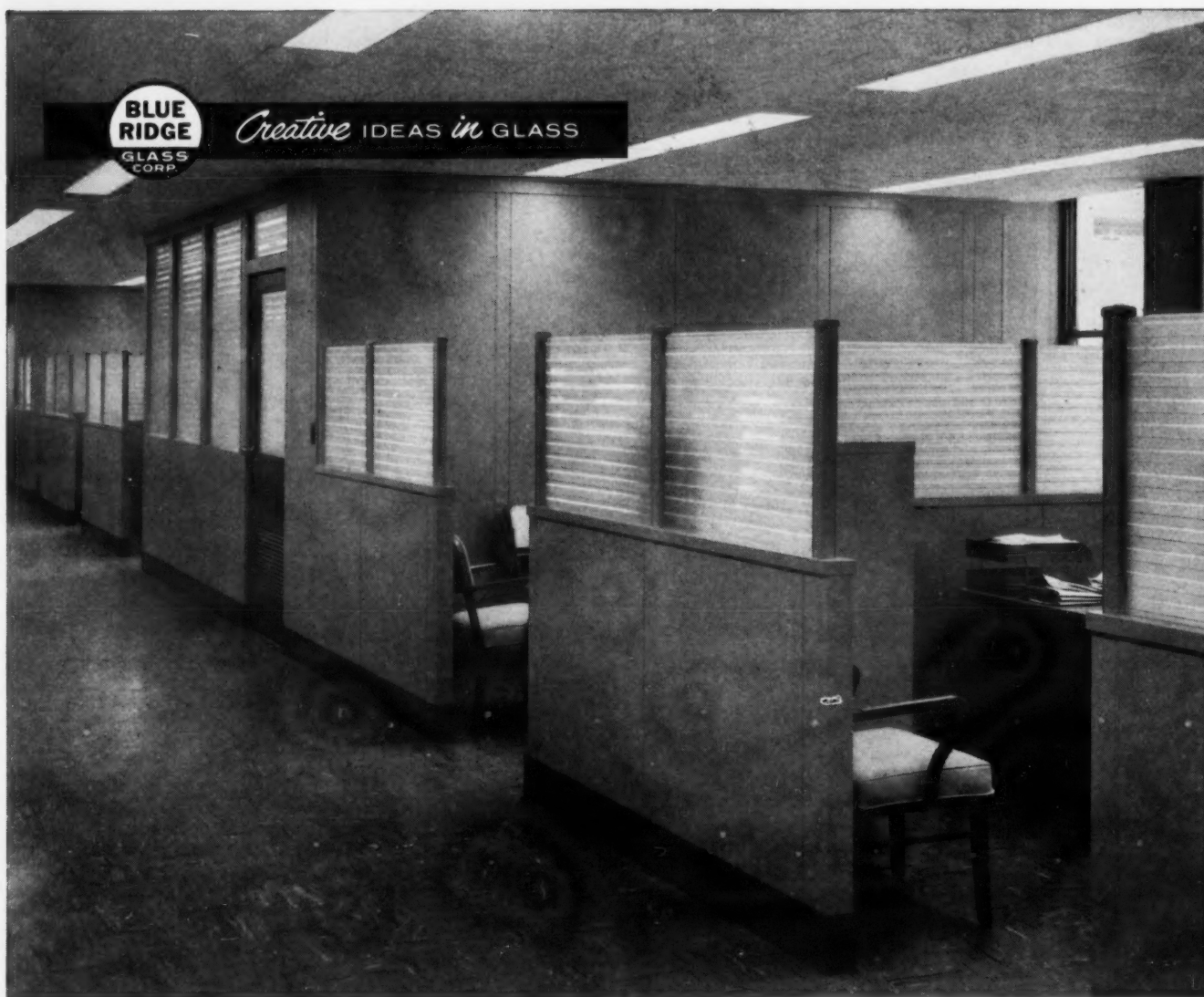
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MANAGEMENT METHODS

JULY 1957 • VOLUME 12 No. 4

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Jerome W. Harris

President
William S. Kline

Editor: R. R. Conarroe
Art Director: Laurence Lustig

Editorial
Consultant: Leslie M. Slose
Production Mgr.: Argyll C. Rubin
Adv. Production: Joan Longnecker

Business Manager: Edwin D. Kline
Circulation: Marie La Guardia
Office Manager: Edith P. Acquavella

Advertising Offices

New York 141 East 44th Street, MU 7-0583
Advertising Sales Manager: Charles L. Dermott
Eastern Advertising Manager: Richard H. Edlund
Harrison M. Rollins
Office Manager: Carolyn Rosenstein

Chicago 612 North Michigan Avenue, Del 7-0112
Western Advertising Manager: William S. Hutchings;
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Much of our editorial material comes from business and management specialists, as well as from active businessmen, at all levels of management. We endeavor to return all manuscripts. However, we assume no responsibility for material not specially requested by us.

MANAGEMENT METHODS



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New "Clutter-Proof" Desk has ingenious ability to lend a hand to a man at his work

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machines companies... automation down to size

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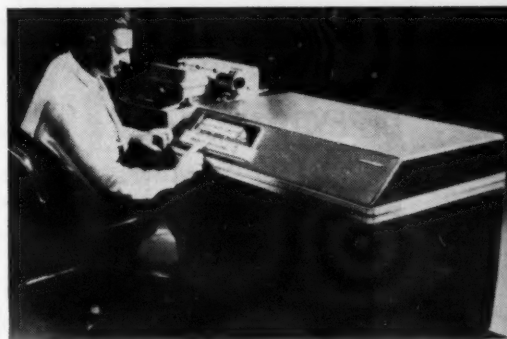
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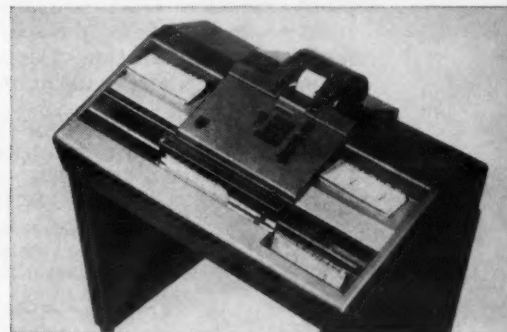
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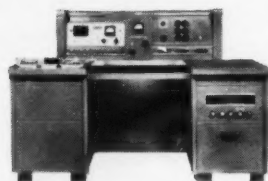


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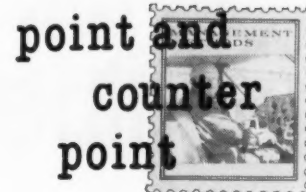
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LETTERS TO THE EDITOR

Are secretaries obsolete?

SIR: MANAGEMENT METHODS has developed into an appealing magazine. However when I noticed on page 50 of the May issue the statement, "secretary can go along to take dictation in the office-in-the-sky," I thought you were getting out of character.

When we talk about ultra-modern transportation such as helicopters, aren't we combining that with the horse and buggy stage when we talk about secretaries? Would it not be much better for this same executive to take along an automatic transcrip-



tion machine, possibly one powered by a battery, enabling him to dictate at will and save the valuable space being taken up by the secretary?

EDWARD J. PALKOT
VICE PRESIDENT
THE MARINE MIDLAND
TRUST CO. OF NEW YORK

■ MANAGEMENT METHODS nods to Reader Palkot's efficiency mindedness. We agree that the proven economies of machine dictation would undoubtedly be increased in a helicopter. Our picture of a sky-borne executive dictating to a secretary was used simply as a means of illustrating that a man could do this in the quiet of a modern helicopter.

EDITOR

Whole cloth from a thread
SIR: We believe the article "What you should know about your college recruit" presents a good rebuttal to the charges made by Mr. William Whyte in *The Organization Man*. It appears that Mr. Whyte has coupled the age old "shock" technique with

MANAGEMENT METHODS



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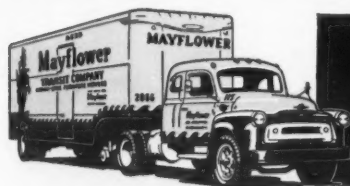


Any man you move for your company is an *important* man in your organization. If he weren't you wouldn't be transferring him. Whether he's a production manager, engineer, salesman, or top executive, you'll find he has confidence in Mayflower. Here, for instance, is a note we received from a recent customer whom we moved from Wallace, Idaho to Richmond, California:

"All the service was excellent. I would heartily recommend Mayflower, and I shall do it if the opportunity presents."

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the all too common practice of weaving a whole cloth from a thread of truth. While such methods successfully sell books, they do not necessarily make a contribution to society.

The findings of your research study seem to bear out our experience in recruiting and training college graduates. However, we feel it is important to keep in mind that statistical studies, such as yours and Mr. Whyte's, deal in averages whereas corporations employ and train individuals. Furthermore, corporations are highly individualistic and vary greatly in terms of policy and philosophy. Some companies want and need a high percentage of individualists, while others desire more teamworkers. We believe most corporations need both types.

While Mr. Whyte seems to feel the individualist no longer exists, our experience indicates that both types may be found in the college labor market today. Thus, each company is free to seek out those individuals whose attitudes and qualifications best fit its needs.

We were particularly interested in your presentation of one of management's basic problems; namely, that many college graduates have little or no concept of what the field of management involves. Certainly this is a problem that needs a solution. Articles such as yours will, no doubt, contribute to such a solution by clearly stating the problem.

Please accept our congratulations for presenting a needed and timely article on a subject of considerable importance to management.

LLOYD W. BAKER

EXECUTIVE VICE PRESIDENT

THE BALTIMORE & OHIO RAILROAD CO.

BALTIMORE

Profile Reprints

SIR: We are interested in securing 200 copies of the "Profile" article "What you should know about your college recruit," published in the May issue of your magazine.

We want to distribute this to our men at a meeting next week, and hope that you can see your way clear to get these reprints to us by that time.

H. E. EADES

PERSONNEL DIRECTOR

W. T. GRANT CO.

NEW YORK

■ Reprints of all of the articles in MANAGEMENT METHODS' series "Profile of a New Kind of Manager," are available for use as management training aids. Price for single copies is \$1; for standard quantity price schedule, see page 71.

EDITOR

MANAGEMENT METHODS

Keep hot sales leads HOT!



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Minutes after a sales inquiry (or other item) hits your desk you can have Verifax copies on their way to salesmen, regional managers, key men in your office. (Your secretary can make 5 of these photo-exact copies in 1 minute for just 2½¢ each.)

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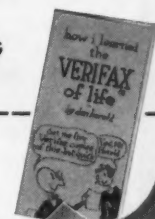
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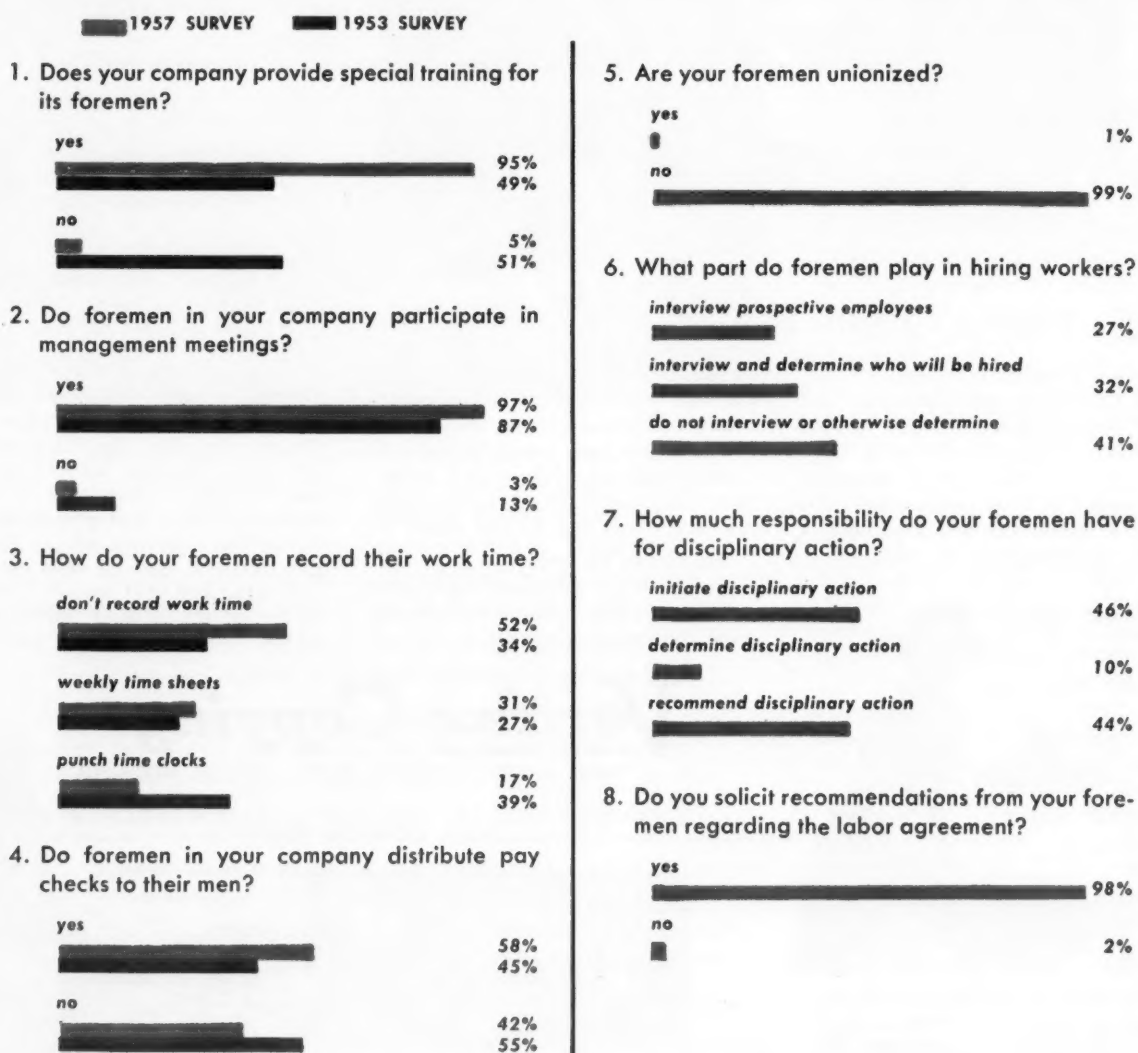
How firms are building up their

Despite the shouting of a broadening gap between management and foremen, these new facts indicate that foremen are regaining their strength. But there's still a long way to go.

Foremen are regaining their management stature. They are not rejected management misfits who are beginning a general turn toward unions for solace.

This new picture emerges from advance survey tabulations just released to MANAGEMENT METHODS

WHAT THEY SAID



foremen

by the National Foremen's Institute, a division of Vision, Inc. Some of the findings in this extensive research project are in sharp contrast with a study made recently by Opinion Research Corp. and reported prominently in the business press.

For example, in an article headed "Foremen Warm Up to Union," *Business Week* quoted the ORC survey to point to a broadening gap between management and foremen. Items:

- Only 65% of the foremen in the recent ORC survey now identify themselves with management, compared with 69% in a survey seven years ago.

- 34% of the foremen polled by ORC believe it is all right to have a foreman's union.

- 4% of them are now actually members of unions and another 9% would like to be.

The new National Foremen's Institute survey definitely supports the fact that management has big problems to face in foreman relations. But this new and authoritative study shows that the gap is closing, not widening, due to management's concerted efforts. For example, NFI findings indicate that only 1% of foremen are unionized—a significantly smaller number than the 4% reported by Opinion Research.

Management success

Management's success in re-vesting the foreman with some of the strength he once had is clearly revealed by comparing the findings of NFI's latest survey with tabulations of a similar survey it conducted in 1953. Here are some highlights:

- In 1953, foremen in 39% of the firms queried by NFI recorded

Overheard at the water cooler:

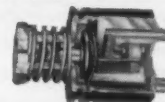


"... so I said to him, 'Mr. Burke, here's one chassis that wasn't built by automation. I'm not a Westinghouse Water Cooler and I need time out for care and repair.'"

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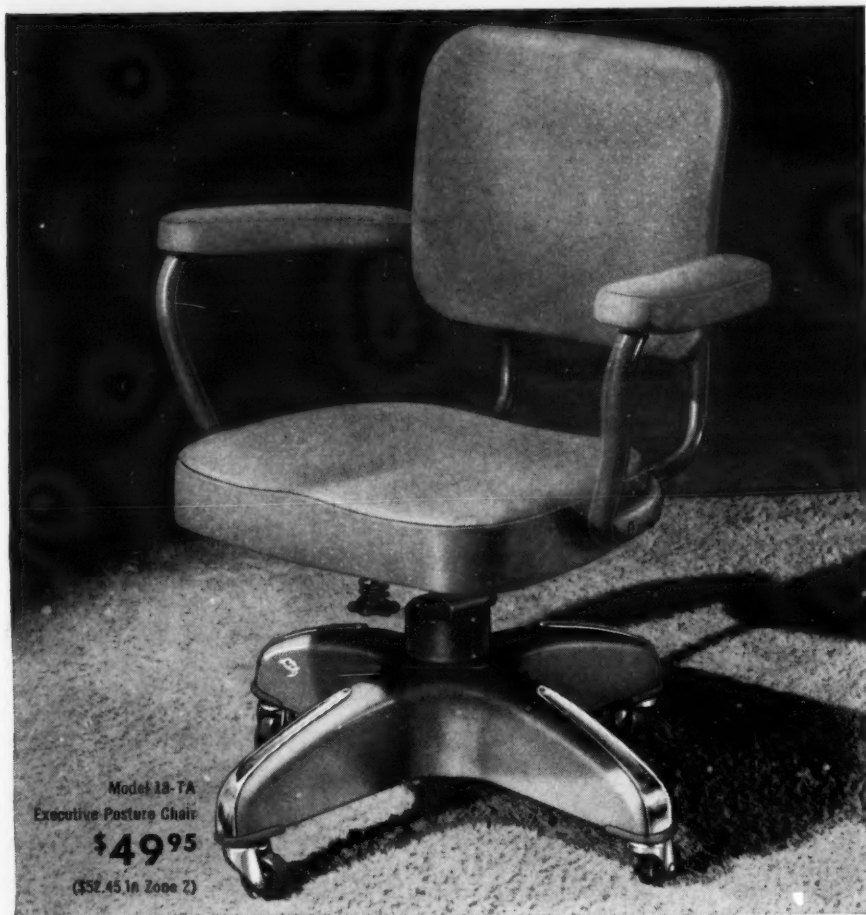
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Model 23-L
General Chair
\$15.95
(\$17.95 in Zone 2)



(Zone 2—Texas and 11 Western States)
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their work time by punching time clocks—a device that traditionally has separated hourly workers from the management group. Now the new study shows that the number of firms that time clock their foremen has dropped to only 17%.

■ In 1953, 13% of the firms said their foremen did not participate in management meetings. Now the figure is down to only 3%.

■ Most significant of all, NFI's facts reveal that more than half of the companies gave their foremen no special training whatsoever in 1953. In the new study, only 5% of the firms are in this no-training category.

This last finding is in glaring contrast with the report of Opinion Research. Says *Business Week*: "only one-third of the foremen appointed within the last two years have had any real training for their new jobs."

Trend to management

Further indication of the trend toward management status for foremen is the fact NFI found that foremen in nearly three-fifths of the firms surveyed distribute pay checks to their own men, against less than half four years ago. And the survey shows that today nearly three-fifths of foremen have a hand in hiring their men, often making the final selection themselves.

In 46% of the firms covered in NFI's new study, foremen initiate disciplinary action, in 10% they actually determine the action to be taken, and in the remaining 44% they simply make recommendations.

Almost all (98%) of the firms solicit the opinions of their foremen regarding the various provisions in the union contract.

Viewed as a whole, the new facts uncovered by the National Foremen's Institute make one thing clear: today's foreman has many fewer prerogatives than he had in the days before unions moved in their shop stewards and before employers moved in their various management specialists. But the findings also make clear that increasing numbers of companies have become or are becoming alert to the value of molding the foreman into something a lot more than a mere straw boss. m/m

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made, with amazing accuracy—automatic detectors catch errors before envelopes are filled. The "3100" has had five years of actual user tests; some test models have processed more than 15 million mailings!

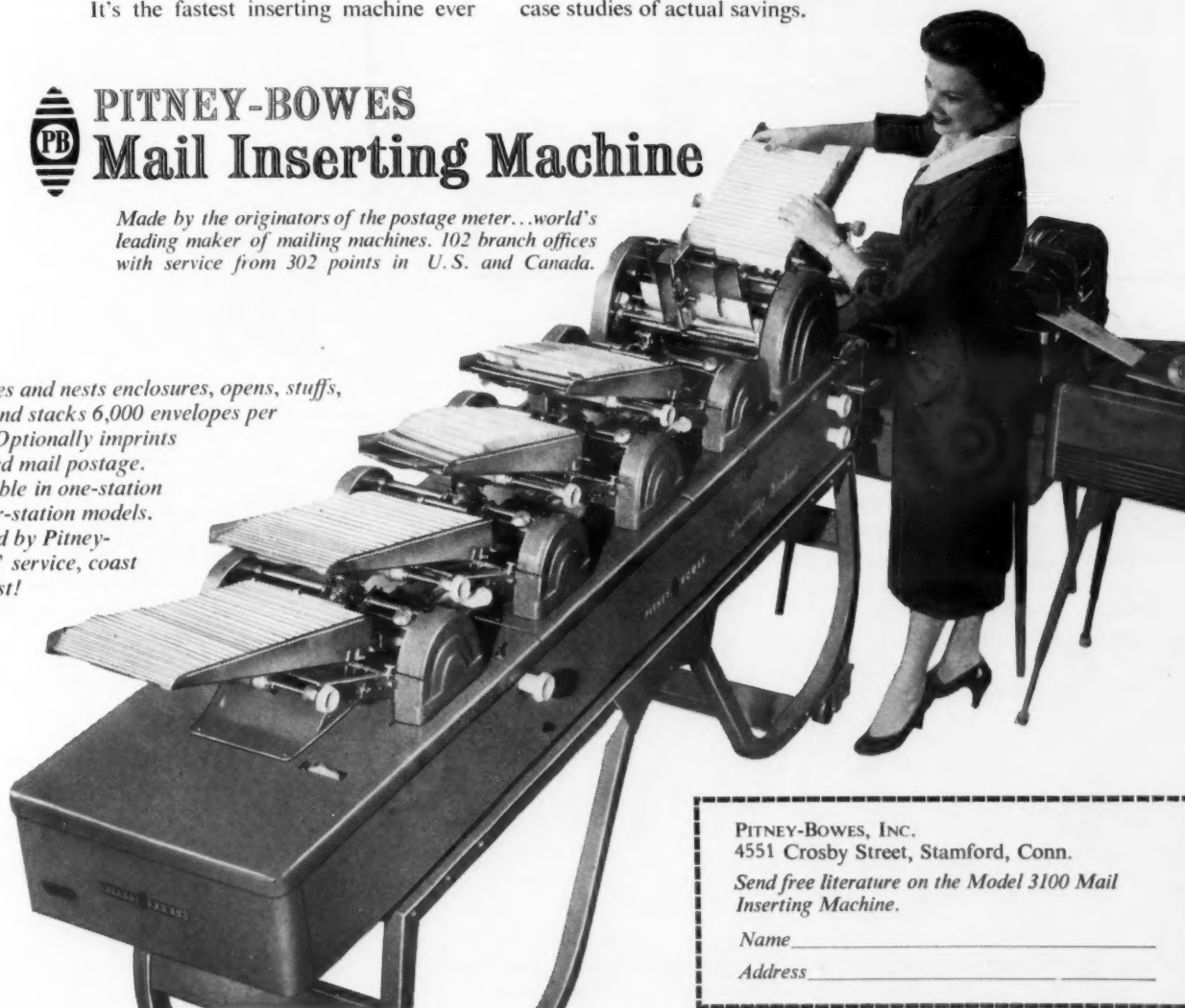
The "3100" is extremely versatile; can handle a wide range of sizes of envelopes and enclosures, including checks, light card stocks, end-folded bills, tabulating cards, booklets, etc. Easily controlled from one side it can be set in minutes, needs little maintenance and no skilled operator.

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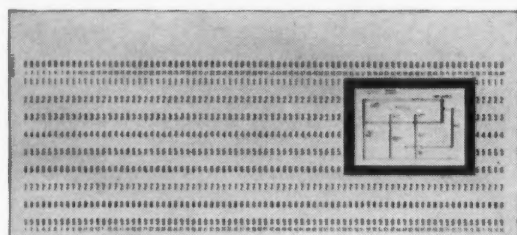
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Address _____

(Circle number 592 for more information)

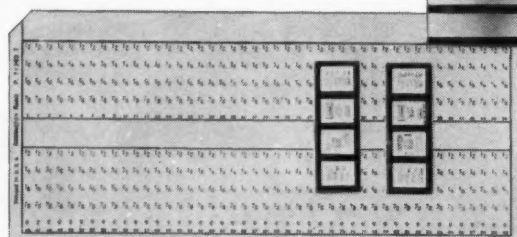
QUESTION?

Which of these Filmsort Cards is used for Personnel Records?*



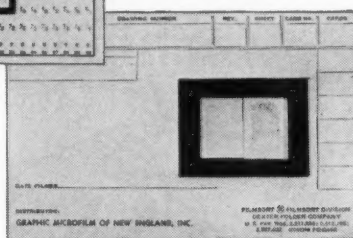
Tabulating card with D Aperture for 35mm

3 x 5 model E Jacket with 16mm chambers



3 x 5 card, D Aperture for 35mm film

Tabulating card with two E Apertures for 16mm film



* SEE ANSWER BELOW

FILMSORT is the original, most complete and most versatile group of systems for filing, sorting, reproduction and enlargement copying of microfilmed records of all types.

The Filmsort Aperture and Jacket cards shown here represent several different Filmsort systems for converting microfilm into an active record medium. Here are Aperture cards for engineering drawing control in large or small companies; a card for filing one to four documents on 16mm microfilm; a 16mm Jacket card for multiple document files.

*The 3x5 16mm Model E Filmsort Jacket is ideal for active personnel records. Up to 30 documents filmed

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Inflation—can it stay small?



A misconception that is part of our intellectual currency today is that a little inflation is a good thing. A little inflation, sometimes thought of as roughly 2% a year, would double the price level every 35 years. However, even if we accept the inevitability of creeping inflation, and I certainly do not, it is not possible to have just a "little" inflation. Once the community accepts the prospect of continued inflation, and begins to make its business decisions in the light of that prospect, the infant ceases to creep. It learns to walk, run and finally gallop even though the gallop may carry it over the brink of the precipice that . . . must be avoided.

C. Canby Balderston, Board of Governors, Federal Reserve System before Health Insurance Association of America.

How to manage research



Industry is spending vast sums today on research. It is management's clear responsibility to see that these very large expenditures are employed effectively. To do so management must establish a five-point plan for the direction and guidance of research activities.

First, management must set forth the over-all company objectives—industries or customers to be served, the kinds of business to be pursued, and the types of products to be manufactured or services performed.

Second, form an organization which will permit top management control of research. . . .

Third, management must provide adequate research and development facilities, trained scientists, engineers and other technicians; and sufficient funds to attain the research goals.

Fourth, management must determine or approve the research projects to be undertaken, approve a budget and time schedule for these projects, and constantly re-evaluate them.

Fifth, provision should be made for a continual interchange of ideas between members of top management, the research organization and

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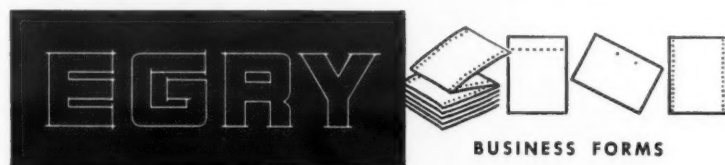
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. . . if we adhere to these points profits can be achieved through research.

Robert S. Ingersoll, President, Borg-Warner Corp., at National Industrial Research Conference, Chicago.

Planned management development holds great promise



I'm told that modern chemistry can make a "better-than-silk purse from a sow's ear." But we haven't yet developed our technology to the point of making a manager from an individual totally devoid of management potential.

The tools and instruments we have to test management potential are certainly not fool-proof or perfect. But tools we do have, and I even include subjective, deductive judgement! I am constantly amazed at how many times managers attempt to promote men to supervision without even inquiring as to whether the man has any real interest in management!

The results you get from your development efforts depend to a great extent on the inherent capabilities of those you select to develop. So—if you plan or desire to develop managers, hire and select them with that in mind. . . .

Here are some broad steps that I feel are essential to management, or, in fact, to any personnel development.

First, evaluate. What does he know? What can he do? How can he do it? and vice versa.

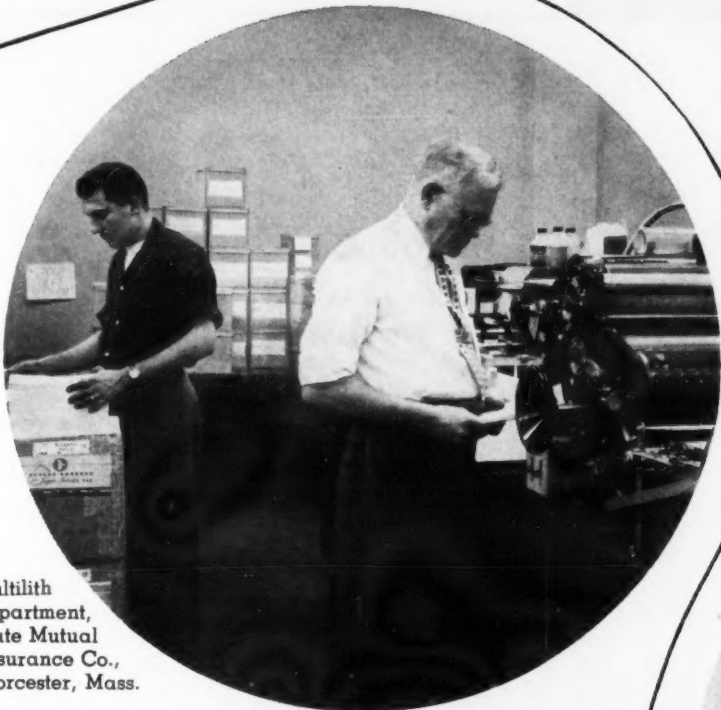
Second, tell him. You can't whisper incantations over him and make him develop. He has to actually participate in the process, and to do so he must know where he stands.

Third, train, or if you prefer, develop him. Some people, God bless 'em, will develop themselves, but it can certainly be painful to them and to you and even those who have to be prodded a bit aren't all worthless.

Fourth, evaluate again. This is a continuing process; otherwise you are shooting in the dark; gambling with time, money and people.

And then, pay him if he's . . . making the grade, and in proportion. . . .

Without appropriate reward, management development is a hollow mockery. . . . You can . . . pay what it's worth and still show that profit. *Roy G. Hemminghaus, vice president manufacturing, Chemstrand Corporation before the Industrial Relations Conference sponsored by Associated Industries of Alabama.*



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tax quiz

RECENT COURT CASES

By Benjamin Newman

Tax Attorney, Koenig and Bachner, New York.

THE QUESTION

How much time is a taxpayer allowed for filing a petition with the Tax Court of the United States for review of a deficiency assessment?

THE FACTS—This taxpayer's 1954 income tax return had been audited by the Internal Revenue Service and certain deductions were disallowed. The taxpayer believed, however, that she was entitled to the deductions. Accordingly, she filed a petition with the Tax Court of the United States for a redetermination of the deficiency assessment she had received.

The petition was filed 91 days after the date that the notice of deficiency was mailed to her. The Tax Court dismissed her petition for not having been filed in proper time.

THE RULING—The Internal Revenue Code provides that a taxpayer may file a petition with the Tax Court for a redetermination of a

deficiency assessment within 90 days after the notice of deficiency is mailed. The date appearing on the notice of deficiency is presumed the date of mailing. If the 90th day is a Saturday, Sunday or legal holiday, the time limitation is extended to the next working day. In this case, the taxpayer's petition was mailed on the 91st day and received by the Tax Court on the 92nd day after the date on which the notice of deficiency was mailed. The last two days were not days excepted by the code. Accordingly the petition was not timely and its dismissal by the Tax Court was quite proper. (*Princess Estelle-Lasandre Lingham vs. Commissioner of Internal Revenue, U. S. Court of Appeals, decided April 4, 1957.*)

THE QUESTION

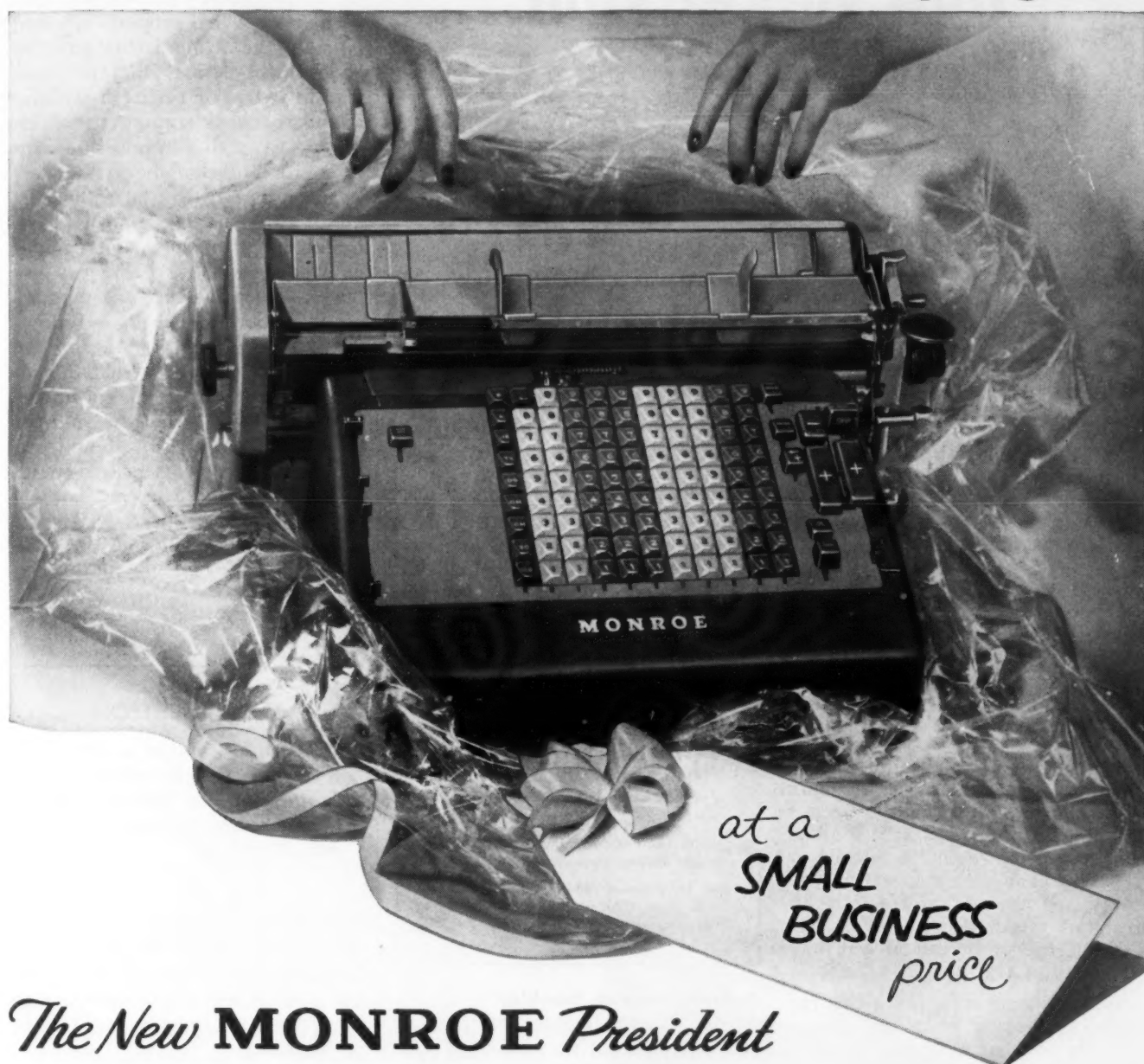
When the value of property is conveyed from one person to another, but the income from the property is reserved by the first person, should the property be included in his estate for tax purposes?

THE FACTS—In 1934 an elderly man turned over to his wife the title to two farms. The wife agreed to pay him the income from these properties, plus the income from two others previously owned by her, for the remainder of his life. When he died, the executor of his estate did not include the properties in the estate. The Commissioner of Internal Revenue, however, contended that the convey-

ance of the property was made without adequate compensation and was made to evade estate tax. The question therefore arose as to whether a conveyance of property must be made for adequate consideration to avoid the inclusion of its value in the gross estate.

THE RULING—The Internal Revenue Code states that, generally, a deceased person's gross estate shall

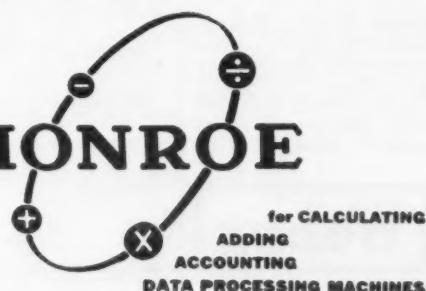
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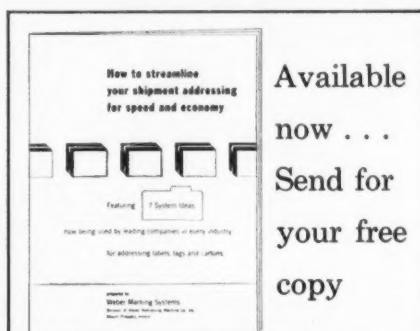
New 16-page booklet shows how easily it can be done through more systematic addressing of cartons, labels and tags

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be determined by including the value, at the time of his death, of all his property, both real and personal, except real property situated outside the United States. The code further states that property transferred prior to death without adequate consideration, to which the deceased has retained an interest for life, shall be included.

The jury, however, after hearing all of the evidence in this case, found that the man had no intent to evade estate tax. The jury believed he was getting an adequate consideration for his two farms—by way of rental value for the four farms—for the remainder of his life expectancy. In effect, the jury's finding was that the value of the farms in question should not be included in the deceased man's gross estate and was not subject to estate tax. (*John E. Klein, as Executor, etc. vs. Frank M. Halpin as District Director of Internal Revenue, U.S. District Court, South District, Iowa.*)

THE QUESTION

A parent makes a gift of securities to his infant son. Is the income derived from the securities taxable to the parent or son?

THE FACTS—A father made a gift of a substantial sum in securities to his infant son. The securities were put in trust and the income was to be applied for the use and benefit of the child.

THE RULING—Prior to the enactment of specific state model custodian acts, a gift to an infant was considered a "gift of future interest" and generally income from the gift was taxable to the grantor.

A 1956 Revenue Ruling relating to the model custodian acts held that a transfer of personal property to a child could qualify as a valid and completed gift. Income from the transferred property was then taxable to the child.

However, when the grantor is a parent legally obligated to support his child, he will be taxed on the income from a gift, if such income is used for the purpose of supporting the child.

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AN INTERVIEW WITH LAWRENCE A. APPLEY

President, American Management Association

How to be a professional manager

In this tape recorded interview, the number one spokesman for modern management offers a clear picture of the qualities, the problems, and the needs of today's professional manager. He explains how small firms can grasp the opportunity to get the edge on their bigger competitors. And he tells how big and small firms alike can increase their profits through an exchange of management experience.

EDITOR'S NOTE: LAWRENCE A. APPLEY has been president of the American Management Association for nine years. In this time, a phenomenal transformation has taken place in the field of management. AMA has been both a reflection and a cause of this change.

Under Lawrence Appley's leadership, in nine years AMA has grown from a small organization serving only a few thousand upper level executives to a "big business" serving nearly a hundred thousand such executives (1956-57 income estimate: over \$6 million). Its work is carried out with the help of many of the leading names in American business and industry. In nine years AMA has grown to become not only the undisputed leader in the training and development of operating management peo-

ple, but an international institution as well.

In steering this growth, President Appley has demonstrated that he himself is a professional manager. He has skillfully applied the same modern methods of management that his association encourages.

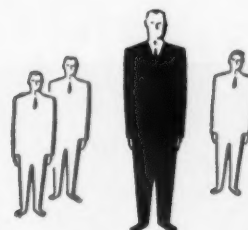
But Lawrence Appley is more than an able executive and inspiring teacher; he has been described as the number one philosopher of modern management, an industrial statesman, one of the clearest thinkers in the business arena.

Since last September, *MANAGEMENT METHODS* has published a continuing series of major articles called "Profile of a New Kind of Manager." In this series we have attempted to define today's professional manager—to show who he is, how he thinks, what meth-





PROFILE OF A NEW KIND OF MANAGER—



Answered in this interview article

- How to make things happen in your company
- What are the chief qualities you need as a manager
- What is management's biggest problem today
- How to make the "vital shift"
- Why some small firms have a competitive advantage
- How to find the man for a key job
- How much is too much management training
- How to identify the management training quack



"The modern manager doesn't take things as they happen, he



President Appley ponders an editor's questions, while being interviewed in his spacious office.

ods he uses to solve the administrative problems that confront him in his job.

To get Lawrence Appley's thinking on the subject of how to be a professional manager, a *MANAGEMENT METHODS* editor interviewed him recently in his office at AMA headquarters overlooking New York's Times Square. The questions asked were those we felt our readers would ask if given an opportunity to talk with this man. The entire conversation was recorded on tape.

The highlights of the interview appear on the following nine pages.

From these direct quotes of Manager Appley's answers to *MM*'s questions about management, you will learn how you can sharpen your management skill.

Q. Mr. Appley, over the past dozen years the job of management has changed strikingly—and so have the people in it. How would you compare the modern manager with the manager of the past?



A. Today's manager is very definitely a new type of individual. We used to characterize the manager as a pompous, pot-bellied capitalist with a boar tooth hung from his vest, a big cigar and a derby. That caricature doesn't fit anymore. Up until 10 or 12 years ago, managers seemed to think that by occupying a certain position they automatically acquired the qualities to fill it. But the manager of today is very conscious of his own short-comings. He is a student. I call him very definitely a professional.

doesn't wait for things to happen—he makes them happen!"

The difference to me between a professional and an amateur is that the amateur gloats over his successes and the professional worries about his mistakes. The modern manager is conscious that his activity is just as specific as medicine, as law, as education and engineering. He doesn't take things as they happen, he doesn't wait for things to happen—he makes them happen!

Q. What do you feel are the chief qualities a manager must possess if he is to make things happen in his company?

A. The job requires first an individual competent to visualize things that do not now exist—to see them as he would like to have them exist five or 10 years from now. In other words, he is a *planner*, number one. Second, having determined the work by planning, he then must be able to *assign* it. This means building an organization structure and selecting people to fill it. Third, he must be able to *train* people to do the work he has planned. So he must be a skilled trainer, a coach. The fourth quality you will find is the ability to *appraise* the work being done and the people doing it. Then he has to determine ways by which he can get people to do their *best work*. This means motivation, inspiration, enthusiasm.

So he determines work, he assigns work, he trains people and appraises their work, and he motivates them. Basically this is the modern manager.

Q. What do you feel is the biggest problem facing this man today?

A. His biggest problem is building a management team. Whether he is the president or a department head, the problem is the same. The other day I had lunch with the president of a company made up almost completely of engineers and scientists. He told me he has delegated the actual operation of the business to three other people

so that he can spend most of his time teaching management to his technical people and building up the reserves of his company's management. As president, he considers this his biggest job.

Q. How should a company go about training people to become skillful managers?



A. It involves helping men make what I call the vital shift. This is a hackneyed phrase, yet I know of no better way of expressing this shift from a specialist to a generalist—shifting from an individual producer to getting results from a group. The most effective means I know for doing this is to place men together in situations where this shift is being consciously discussed—where they have an opportunity to do

nothing but *think* about it until finally they make the shift themselves. It must take place mentally.

Now take an engineer, for example. He may have a management title and 50 engineers working for him, but every day his problems are engineering and he thinks of himself as an engineer. He will never make the shift until he gets away from the job for a week, or three weeks, or three months, goes somewhere and does nothing but *think* about the fact that he must drop his engineering specialty and become a manager of engineers. I have seen this take place—I have almost heard men's minds click when it suddenly dawned on them that "I am no longer the best engineer in the world—I am now trying to be the best engineering manager."

Q. You say it involves getting away

"The manager
of today is
a student,
a professional"



from the job. An internal management training program or a meeting once a week for people moving into management positions is not enough?

A. When I say getting off the job, I don't mean necessarily going outside the company. What I mean is that a man must get away from his day-to-day responsibilities. Many companies are setting up quite extensive programs for their own people. Some companies find it expedient to hold these programs away from their own offices—at a resort, a hotel, or a lodge in the country. A few weeks ago I attended one of these programs put on by the Western Maryland Railroad Co. The president and his top

management team met together at the Princeton Inn in New Jersey. International Business Machines had a meeting last fall that I was privileged to attend down at Williamsburg where their 70 top executives met for a week, talking about these things. IT&T has a six-week program at Asbury Park where its executives go to school. General Electric has its own management school where some 90 executives at a time go through a 13-week program. I attended a meeting that Sylvania Electric held at Sleepy Hollow Country Club in Tarrytown, N. Y. Companies are putting these programs on all the time—they are giving them plenty of time. An afternoon, an hour, a week just won't do it.

Q. These are all big companies you have referred to. Should a small company conduct its own management training or should it rely on outside training programs?



A. No company should depend on inside or outside management training. All companies should use both. Small and large companies ought to have an inside, internal management training program and then they should expose their people to outside programs where companies exchange their management experiences.

Q. How can a small company go
(Continued on page 67)



FINDING THE RIGHT MAN CAN BE HEADACHE

Q. Suppose you were the president of a small firm, you had a key management job to fill, but no one in your organization was able to fill it. How would you go about finding your man?

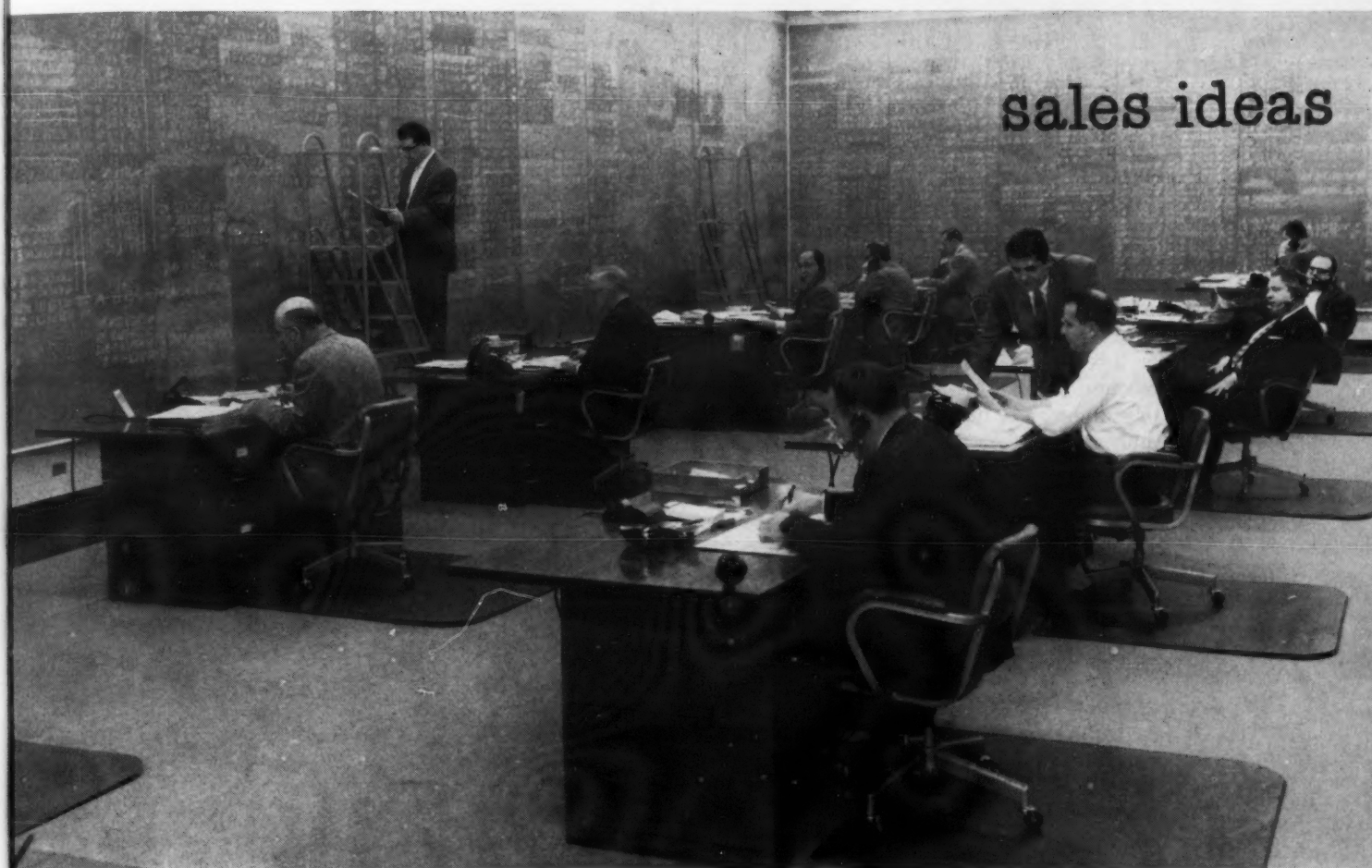
A. Well, first I must make an adjustment in this situation. When I am convinced that I do not have a man to fill the job, I must realize that any outsider I look at should be discounted by 30% or 40%. The reason for this is that an outsider always looks better than he really is. And my man, whom I say isn't good enough, probably looks good to someone else who doesn't know him as I do. So first I am going to be awfully careful about who I'm looking at, and make certain that he really is better than the man I have.

Now to find this man, I would first, of course, go over the entire situation with my own management team. I would be sure they understand the position and agree that no one in the company is able to fill it. They would then come up with suggestions of their own, from their own business contacts and acquaintances. If I had a personnel department, I would ask it to go on a search immediately. This would mean contacting placement agencies, or consultants and counselors. If I did not have a personnel department, I'd make these con-

tacts myself and ask that some scouting be done for me.

Q. You'd start by having your own people recommend their own friends and acquaintances?

A. One company I serve as a director spent a couple of years looking for an executive vice president. We finally hired a man who was a neighbor of one of the company executives. Our own executive simply asked him over the driveway fence one day if he was interested. He is now the executive vice president—a very fine man, and a very successful selection.



sales ideas

How to build your business on the phone

Except for one visit to get acquainted, salesmen in this firm do all their selling by telephone—never leaving their desks in the specially constructed sales room at headquarters. With the aid of a huge perpetual inventory board and a punched card “memory,” they close each sale in a matter of minutes. The method saves time for both salesmen and customers, and speeds up deliveries too.

At the headquarters warehouse of Rolled Steel Corp. in Skokie, Ill., there are 20 “outside” salesmen who seldom go outside. They do all of their selling from their desks. Their tools are a telephone, an egg timer, customer and prospect lists, and thousands of punched cards.

Using their telephones instead of their legs and autos, these outside salesmen can make as many as 50 or more customer contacts a day, closing sales on the spot for a profitably high percentage of them.

Despite the three-minute egg

timers, the firm's phone bill runs at least \$8,000 a month. In fact, the telephone company has found it expedient to install a separate substation within the building.

But, says the firm's president, Seymour Waldman, when you measure the phone bill against the savings, there isn't much comparison. For example, Waldman points out that he has no auto allowances or other travel costs to contend with. Further, his salesmen spend most of their time selling instead of traveling or cooling their heels in a customer's outer office.

Rolled Steel Corp., or Rosco, is a steel warehousing distributor. It has used the telephone sales method to not only slice selling costs and break into a well established industry, but to build up an annual sales volume of \$8½ million in just 10 years.

The personal touch

The Rosco selling method includes the personal touch. When a salesman is first hired or when he is assigned a new list of customers, he makes the rounds, calling on customers personally. During these calls, he does not take orders; his purpose is simply to get acquainted. He learns some of the particular needs of each steel buyer, finds out what the people in the firm look like, and gives them a chance to see what he looks like.

But steel is steel and specifications are specifications. A customer isn't particularly impressed in this business with the salesman's manner, the cut of his suit or his school tie. The customer wants specific material, he wants it on a definite schedule and at a favorable price. The salesman's job is first to find a customer who needs what Rosco has to offer, then close the sale on mutually acceptable terms.

How to control inventory

Specifications of the steel on hand are the vital factor. At any one time Rosco may have thousands of different types of steel available. Yet through a unique but simple control device, the Rosco salesman can give an immediate answer to a customer on the other

end of the wire as to Rosco's ability to deliver the right quantity of the right alloy of the right size.

All of the salesmen are stationed at desks spaced around a large sales room, 32 feet by 74 feet. The room has no outside windows; instead, on three sides it has a huge blackboard, stretching 10 feet from the floor to the ceiling. In all, the blackboard runs 122 feet around the room. Special cove lights make the board glare-free; the figures written on it are visible from any position in the room.

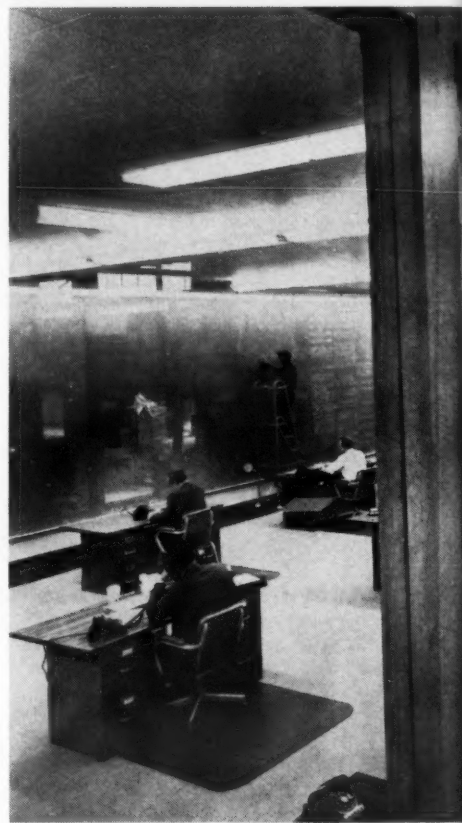
The board carries a running record of Rosco's steel holdings. As notices of inventory purchases come in by pneumatic tube from the purchasing agent, a sales clerk posts the additions in the appropriate columns on the board. Then as each salesman makes a sale by phone, he walks up and adjusts the listing accordingly.

Thus the blackboard carries an up-to-the-minute record of exactly what is available for sale. The salesman speaks with complete authority when he tells customers he can fill an order for a certain item. The only lag is the time it takes a salesman to hang up his phone, walk up to the board and post his sale. Furthermore, deliveries are speeded up. There's no lag between the time a sale is made and the time the order is available in the adjoining warehouse for shipping.

Making price arrangements and other special conditions are almost as simple. Standard prices are posted on the board. But if the customer puts forward a counter offer or asks for other special treatment, the details can be worked out on the spot. In most firms, the salesman on the road must contact his home office for authorization to make such arrangements. This usually means an exchange of letters or telegrams, or at least a special phone call. During this delay, the sale may go cold; the customer may reach another supplier who can meet the terms and work faster.

Under the Rosco system, however, the salesman merely asks his customer to hold the wire. He

Looking out from customer conference room, one can see sales operation in action. Salesmen work by telephone, watch boards where new data is constantly being added. Executive offices also overlook sales room.



turns around and checks verbally with his sales manager whose desk is on the sales floor. If the manager approves the customer's request, the sale is nailed down, often before the egg timer's three minutes have run out.

Building customer records

Keeping track of customers and their needs is another problem that Rosco has licked. In addition to the inventory board, the salesmen are backed up by some newly installed punched card equipment in a special room nearby. This equipment

Egg timer, head set and up-to-the-minute knowledge are essentials in Rosco's sales system. Salesman calls potential customer knowing from board exactly what is available. Timer holds down telephone costs.



with the flow of information using only a memory or a hand-entry system—particularly when the same information must be passed around to all salesmen.

That's why Rosco turned to punched cards to record the facts about the 25,000 steel users it includes in its list of customers and prospects. Already Rosco has as many as 200 cards punched for a single customer.

On these cards are posted every bit of the information that can be collected about the requirements of a customer. Most of the information comes from Rosco's own sales force. A sale, for example, is an obvious indicator of the customer's needs. Even a request for a bid expresses an interest in a particular type of steel. A lack of interest in a particular item is another kind of information.

In addition to sales reports, the business and technical press is used as a source for information to be added to the punched cards.

The file, which is most complete for actual customers, and fairly complete for most prospects, serves double duty as both a sales tool and as a means of market research.

As new steel items are added to the inventory, the company does not have to rely on the collective memories or files of the individual salesmen. In a matter of minutes, the cards can be run through the sorter, selecting those customers or prospects who have ever shown any interest in that item.

Using the cards, a specialized mailing list can be made up, and a descriptive circular sent out without delay. Such mailings, sent out frequently, and rifled at real prospects, bring in a high percentage of return, thus even eliminating the cost of a phone call. The cards are keyed to the salesmen handling each account. Thus, if a customer or prospect doesn't respond to a mailing, his card can be automatically routed to the right salesman for a followup phone call.

The punched cards also serve as an important aid to Rosco's purchasing department. In a few minutes the purchasing agents can get an accurate picture of the potential market for any steel that is offered to the company. In fact, the almost incredible speed with which the procedure works makes it possible, when a particularly specialized item is offered, to select a potential customer and make a sale even before the item has been purchased by Rosco.

A public relations benefit of the card file is the ease with which such personal dates as birthdays and anniversaries can be recorded and brought to management's attention at the proper time.

Today, with its sales of \$8½ million a year, Rosco is a far cry from the business that Seymour Waldman started in 1946. And young President Waldman believes that much of his company's growth is due to the speed and efficiency of his telephone selling technique. m/m

serves as Rosco's sales memory. No longer is it necessary for each salesman to devise his own methods for keeping track of dozens of specific facts about each customer.

Traditionally, salesmen in all fields have used a variety of ways of storing the necessary facts about customers. Most of these methods are either makeshift or time consuming. Some salesmen try to rely on a good memory. Others use notebooks; still others use special forms or cards. But in today's changing and competitive market, it is almost impossible to keep up

How to get the most from your business insurance

These facts—answers to the 10 questions most commonly asked of insurance agents by company officials—will show you where to put the emphasis to get the fullest benefit. The article also shows why self-insurance is a risky economy.

by Charles W. Barnard
and Lawrence F. Smith

National Association of Insurance Agents
New York

EDITOR'S NOTE: Like the boy who "didn't think it was loaded," the executive who "thought we were covered" wakes up to his neglected insurance program too late—after the accident has happened. Particularly among smaller firms that are growing fast, business insurance remains as one of the most neglected areas of administrative management. Experience shows that this mistake of neglect is often serious, sometimes fatal. An alertly managed insurance program,

on the other hand, provides not only a defense against business hazards, but may even offer a positive return on the insurance dollar. Every company's insurance program should be built on a few basic facts. To get these facts, "Management Methods" asked the National Association of Insurance Agents to survey its members on the insurance questions most commonly asked, and to provide their best answers. Here is what Authors Barnard and Smith turned up.

HOW MUCH HONESTY INSURANCE DO YOU NEED?

IT'S BAD BUSINESS to try to guess at how much insurance your company needs, especially when it comes to insurance of employee honesty. A far better practice is to base your decision on the experience of others. The Surety Association of America has devised a method that will help you do it.

In a 10-year study of firms that have suffered employee dishonesty loss, the association found that fidelity insurance insufficient to cover the loss was carried in 65% of the cases. Using the tabulations resulting from this study, the Surety Association developed an "exposure index" formula that firms of all sizes and types can use to measure their probable exposure to dishonesty loss. Here is how to use it:

Fill in the figures called for (*right*)—your firm's

current assets, the value of goods on hand, and your gross sales or income. If you don't have a separate figure for goods on hand, omit items A and B under number one and insert your total current assets figure in line C.

When you have worked the formula, you will come up with your firm's dishonesty exposure index. The table (*far right*) will then give you the amount of fidelity bond recommended for your category.

The Surety Association of America has published a booklet titled "How Much Honesty Insurance?" It goes into further detail on the question of the amount of fidelity insurance your firm needs. For a free copy of the booklet, circle number 729 on the Reader Service Card.

Q. What is the best way to develop a sound company insurance program?

The only logical way to develop an insurance program is to uncover your risks and then dispose of them. To be more explicit:

1. Diagnose and record all risks both as to frequency of occurrence and size of possible loss.
2. Select methods to eliminate, mitigate or control these risks where possible (fire prevention, personal safety, etc.).
3. Transfer to the insurance company those risks which could threaten your assets and income. Then decide whether the remaining risks should be insured or whether you can assume them yourself.

Q. What are the experiences of firms that use self-insurance for their major risks?

Self-insurance is a term both confused and mis-used. To the uninformed, self-insurance may mean no commercial insurance and no plan to meet losses out of company funds. This is chaos.

Self-insurance can also imply a calculated willingness by management to absorb certain losses of a

calibrated and controlled nature without a special insurance fund.

But finally, self-insurance can—and should—mean ability to comply with all insurance concepts and scientific principles practiced by an insurance company. This is indeed a difficult task since the basis of insurance is the law of large numbers—thousands of similar risks of controlled size, geographically dispersed to prevent chain losses, and based on generations of experience to determine loss incidence. A true self-insurance plan requires an inviolate premium fund adequate to meet all losses.

Transfer of risks from the commercial carrier to company management is sometimes advanced as a cost saver. By-product insurance services, such as fire and accident prevention services, are usually overlooked with such reasoning. But more important, what have been the results?

Private company self-insurance is difficult to evaluate since company records are not available and it is practiced on a limited basis. Public self-insurance schemes, however, are replete with disastrous examples. Here is one instance:

One of our larger states set up a

state insurance fund in 1913. It is fair to say that up to 1951 the fund worked well as an available and ready supply of cash to maintain minor repairs occasioned by fire to state property. In 1951 the fund was at its maximum with over \$1 million available for losses. In February 1951 a fire broke out in the principal storage area of a state office building. The fire raged for several days. The final loss was \$5,271,993. The fire fund contributed \$175,000 and the state legislature appropriated the remaining money in a special session. In 1952, a riot and fire occurred in a state prison. The extent of damage was \$1,483,970. The fund paid \$400,000 for emergency repairs only.

As of 1952, the state insurance fund had paid out \$575,000 and had remaining only \$360,000. At the same time the state had incurred fire and riot losses within two years in excess of \$7 million. Certainly, this is an example of self-insurance being penny wise and pound foolish.

Q. Suppose our company is not exposed to catastrophe. Do we still need insurance?

Insurance's first call to duty is for protection against catastrophe loss,

THE FORMULA

(1) Enter the firm's total Current Assets (cash, deposits, securities, receivables, goods on hand, etc.)

A. Enter the value of Goods on Hand (raw materials, materials in process, finished merchandise or products)

B. Enter 5% of A

C. Enter Current Assets less Goods on Hand, i.e., the difference between 1 and 1-A

D. Enter 20% of C

(2) Enter Annual Gross Sales or Income

A. Enter 10% of (2)

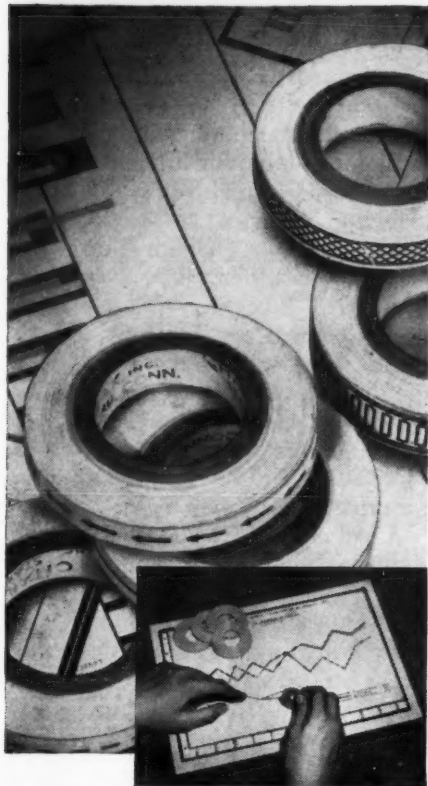
THIS TOTAL IS THE FIRM'S DISHONESTY EXPOSURE INDEX

SUGGESTED MINIMUM AMOUNT OF HONESTY INSURANCE

SUGGESTED MINIMUM AMOUNTS OF HONESTY INSURANCE

Exposure Index	Amount of Bond
Up to — \$ 25,000	15,000 — \$ 25,000
25,000 — 125,000	25,000 — 50,000
125,000 — 250,000	50,000 — 75,000
250,000 — 500,000	75,000 — 100,000
500,000 — 750,000	100,000 — 125,000
750,000 — 1,000,000	125,000 — 150,000
1,000,000 — 1,375,000	150,000 — 175,000
1,375,000 — 1,750,000	175,000 — 200,000
1,750,000 — 2,125,000	200,000 — 225,000
2,125,000 — 2,500,000	225,000 — 250,000
2,500,000 — 3,325,000	250,000 — 300,000
3,325,000 — 4,175,000	300,000 — 350,000
4,175,000 — 5,000,000	350,000 — 400,000
5,000,000 — 6,075,000	400,000 — 450,000
6,075,000 — 7,150,000	450,000 — 500,000
7,150,000 — 9,275,000	500,000 — 600,000
9,275,000 — 11,425,000	600,000 — 700,000
11,425,000 — 15,000,000	700,000 — 800,000
15,000,000 — 20,000,000	800,000 — 900,000

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but various factors often make it attractive to carry insurance even where an uninsured loss could not affect the company's balance sheet. Insurance carriers have, through the years, developed highly technical inspection services which many firms find are independently worth the premium cost. The indemnity factor becomes secondary in this case.

Claims service is another important consideration. Company management realizes the value of using an insurance carrier for fast and objective settlement of employee workman's compensation claims.

Q. What should be the underlying purpose of my company's insurance program?

Basically to transfer the hazards of accident to the insurance carrier, thereby protecting your company's assets and income from significant loss. The term "significant loss" is relative and varies with each company's management policy.

Q. Can't our firm's insurance manager do the same job as an independent insurance agent or broker?

No. The agent or broker is an independent insurance expert. He functions as a middleman between your company and the insurance carrier. An experienced agent consults with his client, evaluates and recommends coverage, and negotiates with the insurance carrier on behalf of his client. As a producer of insurance, the agent receives his commission from the carrier. Insur-

ance managers, although well versed on their own company insurance problems, should rely on the agent or broker as an outside expert with independent judgment and comprehensive knowledge of the insurance market. The services of the agent or broker therefore complement the insurance manager's efforts.

Q. What are some of the advantages of the new commercial package policies?

The package policy consolidates into one insurance contract an insurance situation previously requiring two or more separate policies. The package policy can also create new and broader coverages not otherwise available even through combinations of policies.

The new Commercial Property Form is an excellent example of both consolidation and new coverage [see MM, Nov. '56]. This form makes available, under one insurance contract, "all risk" coverage for the mercantile insured's stock of goods, wares and merchandise. Coverage applies at locations specifically named in the contract, at certain unnamed locations and in transit. The policy is extended to cover personal effects, debris removal, damage to building by thieves, general average and salvage charges, and the insured's contingent interest in FOB shipments.

The Commercial Property Form consolidates fire, extended coverage, burglary, theft and transportation policies into one contract. Coverage is further broadened to all risks subject to reasonable exclu-

ABOUT THE AUTHORS



Smith



Barnard

Lawrence F. Smith and Charles W. Barnard are director and assistant director of education for the National Association of Insurance Agents, a non-profit organization of 150,000 member agents. Mr. Smith's experience includes work as an independent insurance agent, a representative of a large insurance company, and insurance manager for an industrial firm. Mr. Barnard has served as an insurance representative in both Calcutta and Tokyo.

sions. Equally as important, the form is printed in simple language and rating procedures have been simplified.

Package policies for industrial manufacturers and other non-mercantile insureds are also available. Package type contracts mean a reduced number of policies, new and broader coverage, and more insurance coverage at lower net unit cost.

The scope and content of the package policy should, however, be carefully evaluated since no thinking insurance man makes claim to this form of contract as an insurance utopia for every situation.

Q. How large should a company be before a full time insurance manager is necessary?

A recent American Management Association survey correlated company size with time expended in insurance administration. It revealed the following: the firms employing an average of 15,000 had full-time insurance managers; those employing an average of 4,000 had half-time managers; and those averaging 2,500 employees had one executive devoting less than one-third of his time to the company's insurance matters. These results must of necessity be further qualified by nature of the company's operation, amount of geographical and administrative decentralization and company management policy towards insurance.

For smaller firms, the insurance program should be an important but less time consuming responsibility of a company officer—usually the treasurer or controller, or perhaps even the president.

Q. When dealing with the insurance company on losses, what approach gets the best results?

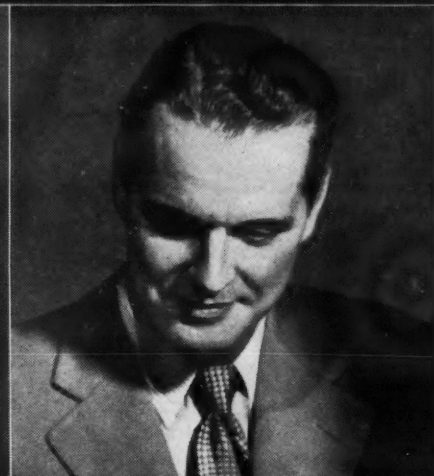
An attitude of good faith and fair play when negotiating losses with the carrier will result in satisfactory loss settlements for all concerned. Although all of us think we have this attitude, unfortunately it does not always show through on the surface. Some insurance claimants

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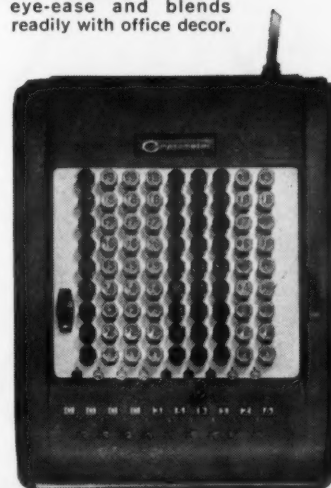
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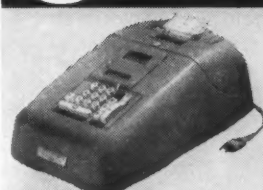
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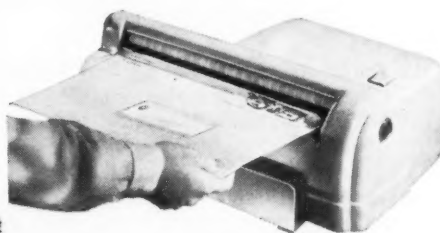
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give the impression that the loss is their opportunity to "exact that pound of flesh."

On many insured losses there is area for negotiation. When the insured puts forth an attitude of fair play, the carrier will usually respond in kind, since both parties are interested in the same thing: fulfilling the terms of the insurance contract through fast and equitable loss settlement.

Q. Can exposure to fidelity losses be objectively measured?

A careful study of management's exposure to employee dishonesty was recently made by the Surety Association of America. This survey revealed that in 65% of the losses studied, the insured did not carry a fidelity bond large enough to cover the loss.

There is no gauge whereby the maximum possible loss which might be sustained can be determined, since there is no limit to the possibilities of employee dishonesty. However, by relating certain factors to the amounts the survey revealed as stolen, a formula has been designed to gauge the minimum coverage appropriate for a commercial risk of any size. The formula employs an exposure index derived from two principal elements of exposure to dishonesty losses: 1) current assets, and 2) gross sales or income (see page 32).

Q. What are some of the important considerations in selecting an insurance agent and carrier?

It has been said that insurance is 90% tranquilizer and 10% recovery of actual losses. This is a gross oversimplification: however, the statement has one element of truth. By purchasing insurance, you buy both peace of mind and a contract of indemnity. Insurance should mean, therefore, complete, experienced servicing of a quality product. Because of this, extreme care should be exercised in selecting the insurance agent and the insurance carrier.

One of the first considerations in selecting the insurance agent should be the companies he repre-

sents. A good agent will represent several of the first class insurance companies. A reliable agent does not represent financially unstable carriers. Because of present high level of insurance management standards and state government insurance regulation, financially sound insurance companies are more the rule than the exception. However, it is still extremely important to investigate the carrier of unknown quality. The reliable independent agent can assist materially here, due to his knowledge of insurance carriers and their relative financial strength.

Points to consider

All other considerations can be summarized by the word *service*. Some of the facets of the agent's service should be:

1. The experience and ability to carry out a complete insurance survey, discuss exposures objectively, and recommend a sound insurance program.

2. Ability to negotiate special coverages with your firm, and obtain tailored insurance contracts when required. Implicit here is the carrier's ability to issue unusual contracts.

3. Reputation of the agent and carrier for the particular class of insurance you need. Some carriers are acknowledged leaders and experts in certain fields, such as boiler and machinery insurance.

4. Technical and engineering inspection services, available through the carrier, and recommended and secured by the agent. This service feature is very important. Underwriters' loss prevention recommendations alone can mean substantial savings for you.

5. Ability of the agent to service claims promptly. Implicit here is the carrier's reputation for liberal payments with minimum red tape.

The final consideration is continuity of insurance placement. Many company insurance managers are wisely reluctant to make a switch from an agent-carrier relationship that has stood the test of time. Well-established business relationships developed over the years can often overrule insurance practice yet untried which requires a break in continuity of insurance placement. m/m

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Oxford PENDAFLEX® "INTEGRATED NAME FILE" SPEEDS CUSTOMER SERVICE AT PEPPERELL

Delay in answering mail and telephone inquiries was a big problem at Pepperell, leading manufacturer of cotton goods.

Pepperell's filing system was like most in use today: pressboard guides and manila folders, arranged in four separate alphabetic files within a so-called "centralized" file of 200 drawers.

Yet a filing supervisor and two file clerks had time only for sorting and filing. Phone clerks and correspondents from the customer service department had to make their own look-ups, crowding aisles, occasionally losing papers, and generally wasting everyone's time.

Duplicate Files Eliminated

Confusion was ended when Oxford's new Pendaflex Integrated Name File was installed in Pepperell's New York City Sales Office by Metwood Office Supply Company.

The use of Oxford Pendaflex hanging folders permitted true centralized "one place" filing. All related papers were brought together under one account name, instead of being spread among four separate files.

"One Place" Means Faster Service

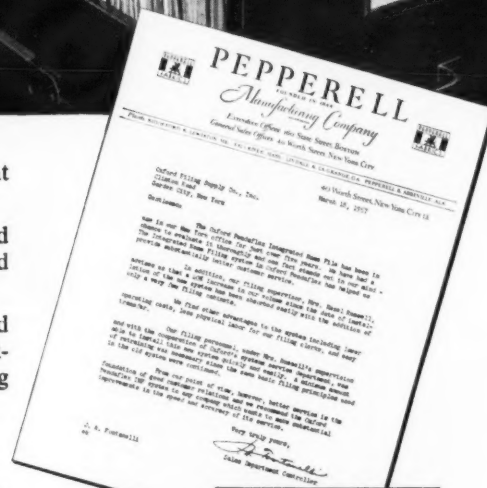
Filing speed was tripled. In fact the same filing personnel now sorts, files, pulls, and delivers papers to phone clerks and correspondents, with time left over for relief work in other departments.

Too Many Places To Look?

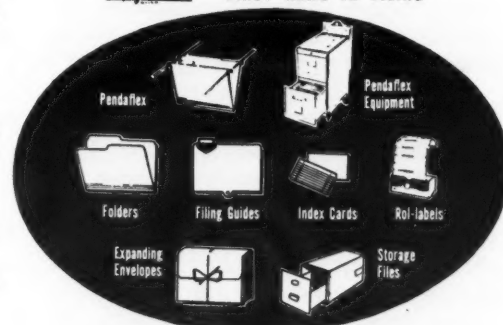
If your customer service isn't what it should be, probably your files are at fault. The Oxford System Service Department can help, through your office supply dealer.

Send coupon for Oxford Pendaflex I.N.F. case histories of some filing firsts, by the first name in filing... OXFORD.

"Oxford Pendaflex Integrated Name File is one of several NEW Oxford filing methods that have broken a 30 year inertia in filing progress."



Oxford — FIRST NAME IN FILING



OXFORD FILING SUPPLY CO., INC.

Garden City • Chicago • St. Louis • Los Angeles

thought starters

Thought Starters deal with "practical solutions to administrative problems." The editor invites contributions—which are paid for at our normal space rates.

MAIL

Pre-rush delivery speeds Post Office handling

Business firms in many cities have found an easy way to speed their mail delivery. They do it through the simple expedient of taking the bulk of their mail to the Post Office early in the day, before the peak rush hours of late afternoon. This way they trim as much as 24 hours from delivery time.

Post office workers have slack and peak periods. They usually are overloaded during the late afternoon and evening hours. The morning and early afternoon volume is often light.

In Houston, Texas, for example, the Post Office put on a concerted drive to get business firms to mail during the slack periods. The result was startling. The average early morning work load jumped from 25,000 pieces to 136,000. Mid-day volume increased from 23,000 to 48,000. The evening peak load decreased from 143,000 to 89,000.

As a result mail is being sorted faster and sent out on early deliveries. Many firms have reported mail arriving a full day ahead of the schedule they had learned to expect.

TELEVISION

Closed circuit system built for expansion

The Du Mont Laboratories have gone into the expanding industrial closed circuit television field after a two-year study to determine the needs and possibilities involved. Their system is being put on the market this month.

The line is modeled to answer problems raised by current users of closed circuit television. It features two separate cameras, remote controls and interchangeable parts that

will form a complete system with either camera. No special power source is needed.

The Du Mont line has been designed also to answer the problem of expansion. It will be possible to purchase the basic set-up now and add to it at any time without making the old equipment obsolete.

Completely installed the system sells for \$2,000 to \$3,500 depending on the camera. The larger, less expensive TC-100 (*see illustration*) weighs just 12 pounds and meas-



ures five inches wide, seven-and-one-half inches high and 12 inches long.

Both cameras will give clear pictures in light as low as 10 foot-candles and will give a useable image in even less.

For further information circle number 730 on the Reader Service Card.

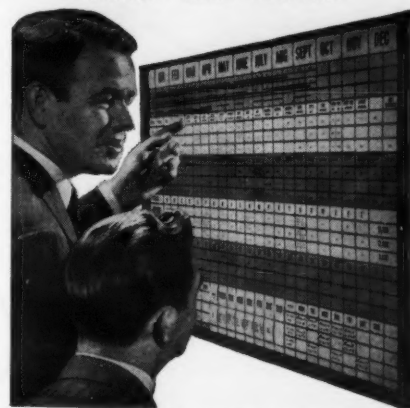
COMMUNICATIONS

New abbreviations cut telegram costs

by Robert A. Heintze

A new set of abbreviations has been recently adopted by the Federal Civil Service Commission for reducing the length of telegrams and teletype messages. The new code makes customary contractions like "retel" and "relet" look old-fashioned by comparison. For example, the lengthy phrase, "Regarding your telegram of March

How To Get Things Done Faster and Better



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- ☆ Made of Metal, Compact and Attractive. Over 150,000 in Use

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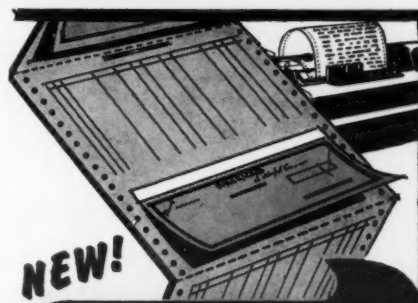
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PRE-PUNCHED, PRE-NUMBERED TAB CARD CHECKS "ride free" on CONTINUOUS forms... useful on tabulators, teletypes or typewriters. CHECK RECONCILEMENT is obtained at a tiny fraction of manual cost by using punched card sorter, collator and tabulator.

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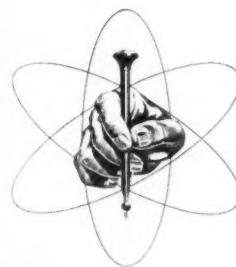
Electronic Longhand

**CHANGES MADNESS TO METHOD...
DELIVERS DATA INSTANTLY, IN LONGHAND!**

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This TelAutograph* telescriber system delivers data in longhand — instantly, electronically, to near or far — with copies for all concerned.

Brochure tells all about it... how Electronic Longhand saves time, improves operations, prevents errors, reduces cost. Send coupon below and you'll start working smarter by return mail.



TelAutograph* telescriber systems of Electronic Longhand are manufactured by

TelAutograph CORPORATION
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- ☐ TRANSPORTATION
- ☐ MATERIAL CONTROL

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8 . . ." can be telegraphed or teletyped simply: "YTC8."

The code system is equally adaptable for inter-office memos or other types of written communication. Using it, a reference to any kind of previous message, and its date, can be reduced to a combination of only four or five letters and numbers.

The first two letters in the code tell who sent the earlier message referred to, and what kind of message it was:

Y—Your	L—Letter
M—My	P—Phone call
O—Our	M—Memorandum
	T—Telegram

The next letter and the number following it tell the date of the message. The first 12 letters of the alphabet, A through L, designate the 12 months January through December. The numbers 1 through 31 clearly indicate the date of the month.

Thus, "OPB12" means, "Regarding our phone call of February 12 . . ." "MLE31" means, "Regarding my letter of May 31 . . ."

Commercially, code combinations are counted at the rate of five letters to a word. Thus the popular combinations of "retel" and "relet" get by as a single word, but "reourtel," for example, would count as two words. The month and day of the month would count as two more words. The word charge saving under the Civil Service Commission's short cut system are obvious. The amount saved on each telegram is small but over a period of time it adds up.

NEW LITERATURE

Brochure presents many space-saving ideas

How to save space with modern filing equipment is demonstrated in a new 24-page brochure published by Tab Products Co.

The attractive three-color booklet presents numerous ideas on ways to use file cabinets to best advantage. Specific savings of floor space are pointed out, with diagrams and photographs showing how these areas can best be used.

The brochure serves as a catalog of the company's newest filing

equipment, complete with specifications.

For a free copy of the brochure circle number 731 on the Reader Service Card.

Booklet explains discount method for capital budgets

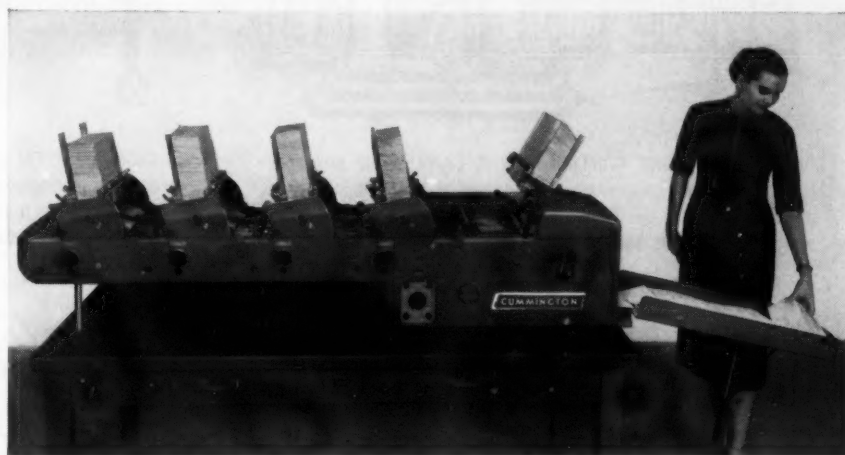
Explaining many fallacies of so-called "short-cut" methods for calculating rate of return is a free booklet recently published under a Sloan Foundation grant.

The booklet analyzes average payback, cash payback and average investment methods, which it terms unsound. This it bases in large part on the vanishing "mar-

gin for error" in present-day capital budgeting. Titled "More for Your Capital Dollar," the booklet explains the "discount method" for adequately meeting requirements of capital budgeting. Though often said to be somewhat more difficult to apply than the "short-cuts," the method is much easier to use than commonly believed, according to author Dr. John A. Griswold of the Amos Tuck School of Business Administration.

He cites some 14 cases where "short-cut" methods promised rates of return ranging from 70% to more than 600% of actual valid rates.

For a free copy circle number 735 on the Reader Service Card.



Now! AUTOMATIC MAIL INSERTING AT A PRICE EVERY MASS MAILER CAN AFFORD

FOR AS LITTLE AS \$3,000.00, CUMMINGTON PROVIDES FAST, EASY, AUTOMATIC MAIL INSERTING

MAILING COSTS ARE SHARPLY REDUCED AND OFFICE EFFICIENCY IS SUBSTANTIALLY INCREASED. Cummington's automatic mail inserters gather from 1 to 6 enclosures, and stuff, seal, count and stack envelopes. An automatic postage meter can be attached.

CUMMINGTON MAIL INSERTERS HANDLE WIDEST VARIETY OF ENCLOSURES. There is no restriction on any field of Punched Cards. Three-quarter and full-length end folds and regular folds in a wide range of sizes are fed easily and efficiently into envelopes.

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Please send free Cummington Bulletin. MM-3	
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City	State

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In business after business,

BURROUGHS MICROFILMING BRINGS THE BIG RESULTS



SIMPLIFIES RECORD CONTROL FOR A BANK: "Our problem of adequate records of commercial and special accounts with single posting was solved by Burroughs Microfilming . . . cut film costs by over half." Romulus State Bank, Romulus, Michigan.

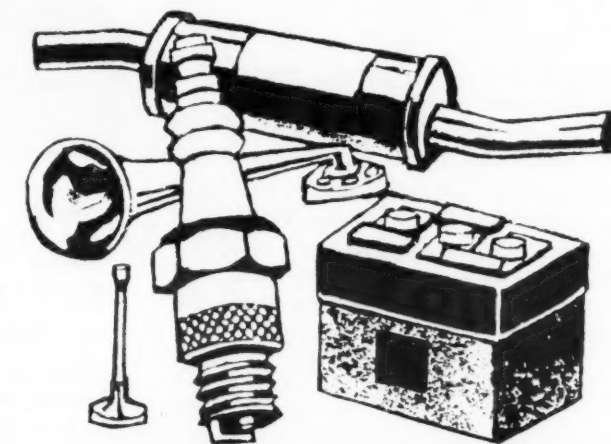


EASES HOSPITAL FILING PROBLEM: "Burroughs Microfilming solved our ever-increasing problem of storing medical records. We also utilize our Micro-Twin to micro-record accounts payable, accounts receivable, and payroll." Auburn Memorial Hospital, Auburn, New York.

HOW MANY WAYS CAN IT HELP YOU?



This we promise: Right this minute, there are more ways Burroughs-Bell & Howell **DEPENDABLE** microfilming equipment can benefit **YOUR** business, too, than you could possibly imagine. **PROVED** ways that range from simplifying or improving accounting procedures to reducing your record storage space. Talk with the specialist who can demonstrate these ways to you. He's the Burroughs Systems Counselor, a man thoroughly at home with the management and operating needs of both small and large businesses of every kind. Want prompt action? Call him at our local branch office today. Burroughs Corporation, Detroit 32, Michigan.



TIGHTENS ACCOUNTS PAYABLE CONTROL FOR AUTOMOTIVE PARTS DISTRIBUTOR: "Burroughs Microfilming helps give us centralized control over accounts payable in 25 branches and 9 warehouses through increased speed, accuracy, economy and complete protection." Colyear Motor Sales Co., Los Angeles, California.

THE MODERN, LOW-COST MICROFILMING SYSTEM

"Burroughs"—Reg. TM.

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G



RETAILERS

How to help your fight the money squeeze

If you think you have money troubles, consider the problems your retailers are up against — particularly the smaller ones. Here are examples of what some manufacturers have been doing to take the pressure off their dealers — and thus to increase their own sales.

It's easier to spot a fish in a bowl than in the ocean. Thus economists have begun to look to the small towns (*less than 10,000 pop.*) for signs of health or illness in retail stores. Disturbingly, more than 200 bankers and public accountants in such communities have reported to MANAGEMENT METHODS that the number of retail stores over-extended and handicapped by lack of capital is greater today than it was a year ago.

The other side of the coin is brighter, however. These same bankers and accountants have also spotted an increasing tendency on the part of the manufacturer to come to the aid of his retailer. More and more manufacturers are

realizing that what's good for the retailer is good for them. As one official put it: "We extend the friendly hand so far into the front door that it pushes our competitors out the back door." Selfish? Maybe. But it's good business for the retailer, too.

Item: The president and sales manager of a small manufacturing firm recently journeyed 600 miles to help a retailer close the deal for the sale and lease-back of his building. The transaction freed more than \$80,000 of the merchant's capital and restored him to a sound financial basis.

Item: A Massachusetts manufacturer sends his credit manager to customers' stores to show them

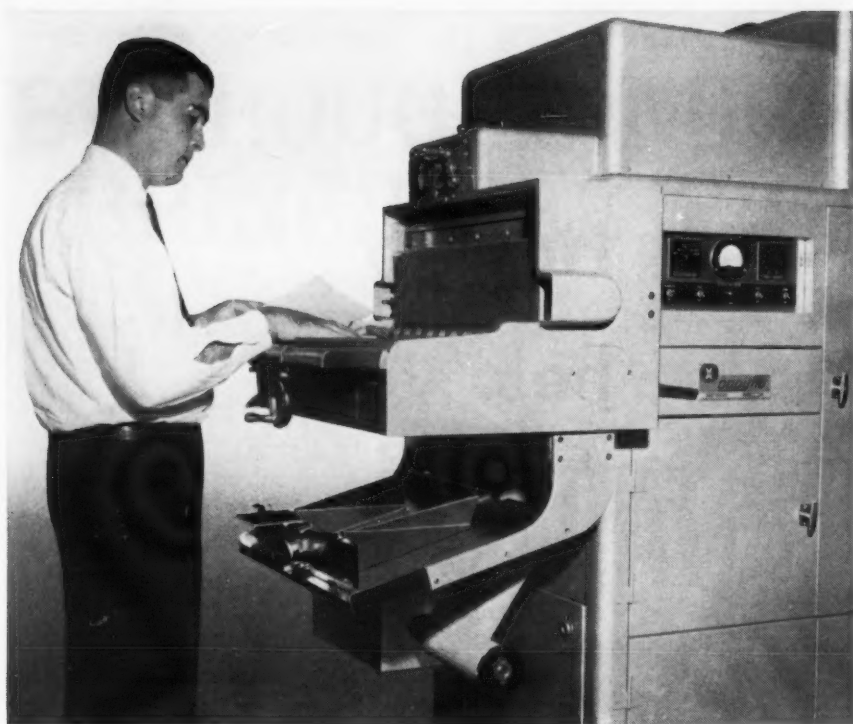
how to tighten their credit and collection policies without loss of goodwill.

Item: A large metal products manufacturer recently held regional meetings during which district managers were given intensive instruction in techniques "that will enable the average storekeeper to get more mileage out of his capital."

Capital str-e-t-ch

Getting adequate mileage out of his almost always limited capital has long been the small retailer's biggest problem, whether he sells stockings or furniture.

To protect himself against out-of-stock sales losses the retailer has



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Makes dry, positive prints from originals, or roll microfilm, in sizes up to 11" wide, at the rate of 20' a minute.

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The Copyflo Continuous Printer represents a revolutionary advancement in the universally accepted, dry, electrostatic, photo-exact process of xerography.

In the Copyflo unit the xerographic process is continuous and automatic, incorporating all necessary steps in one complete cycle. High quality prints of engineering drawings and other documents are made quickly and economically.

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Reproduces single copies continuously, up to 11" wide, from 35mm or 16mm roll microfilm.

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Reproduces single copies of opaque or translucent originals, at ratios from 46% to 200% of original, to a maximum copy width of 11".

COPYFLO MODEL No. 3.

Combines all features of Models No. 1 and No. 2 and is interchangeable from microfilm to original document operation and vice versa by a single control lever.

WRITE for further information about the Copyflo Continuous Printer—the new dimension in copying from originals or roll microfilm.

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(Circle number 612 for more information)

frequently felt it necessary to carry heavy inventories. His shipping problems have involved high in-freight costs, and 30 or even 90 day delivery dates. The necessity for building goodwill and insuring customers makes it difficult for him to refuse charge accounts, while his personal community contact with customers makes collection of unpaid bills a problem.

Today the retailer, caught between a variety of economic shoals, is looking for help; fortunately many manufacturers are taking advantage of this opportunity to cement relations with their retailers.

To serve the retail buyers who are looking for faster shipments and lower in-freight costs, some furniture companies, for example, have erected new warehouses and built up substantial inventories of their best selling pieces. The result: two week delivery on items which their less foresighted competitors take from one to three months to ship.

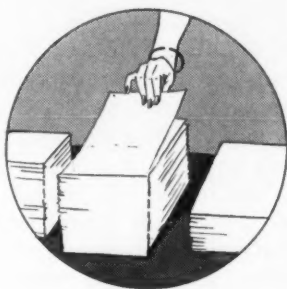
Fast delivery pays off

A West Virginia retailer who placed an order with one of these firms for the first time during the spring market show, told them he would push the line that could give him the best delivery at the lowest in-freight cost. When he returned home a week later he found the merchandise on the floor and already partially sold. His reaction? He cancelled the order he had placed at the market with the firm whose line he had handled for several years, and re-ordered from the new source. Other manufacturers, rather than invest in new warehouse facilities, are turning to strategically located public warehouses to speed deliveries and lower freight charges.

Another example of aid to retailers is seen in the plan of a manufacturer of women's hosiery. This firm takes over the stock recordkeeping and reordering of their retail customers. They formerly aimed at keeping a 30-day stock on the merchant's shelves. Since the first of the year their salesmen have told customers that if they will do their part by sending in sales reports regularly and promptly, they can safely reduce

Cut costs up to 90% with the Macey Collator

*Gathers up to 3,000 sets an hour
— 4 times faster than by hand!*



- Fully automatic. Suction feed gives positive control of every sheet.
- Available in 4, 8, 12 and 16 stations. Depending on model, takes sheets from 2 by 5 inches up to 12 by 17 inches in size and from onion skin to eighth-inch board in thickness. Optional extras include Stacker and Stapler. Pitney-Bowes service is available from 302 locations coast-to-coast.

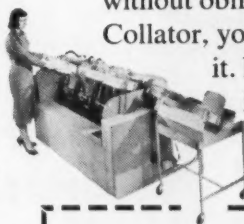
The Macey Collator does a boring, tedious job efficiently and cheaply. Users report savings as much as 90% of payroll costs formerly spent on hand collating. The Macey saves wasteful diversion of high priced office personnel from their regular jobs; avoids overtime, and the expense of a standby crew for assembling; gets all important printed material distributed earlier.

The Collator is used to assemble bulletins, instruction sheets, office forms, price lists, stock records, catalogs, operating and sales manuals, dealer aids, publicity releases, book signatures, mailings, photographs, samples, plans, plastic sheets, photostats, etc.

It performs the widest variety of services

for manufacturers, retailers, insurance companies, universities and schools, printers, government agencies and the Armed Forces . . . for personnel, inventory, accounting, sales service, advertising and research departments. And the savings it makes in time and overtime are *major* savings.

YOUR nearest PB office will make a quick survey of your collating requirements, without obligation. If you need a Macey Collator, your savings will soon pay for it. Phone or write for complete information including free illustrated booklet and case studies.



Sold and Serviced by

Pitney-Bowes

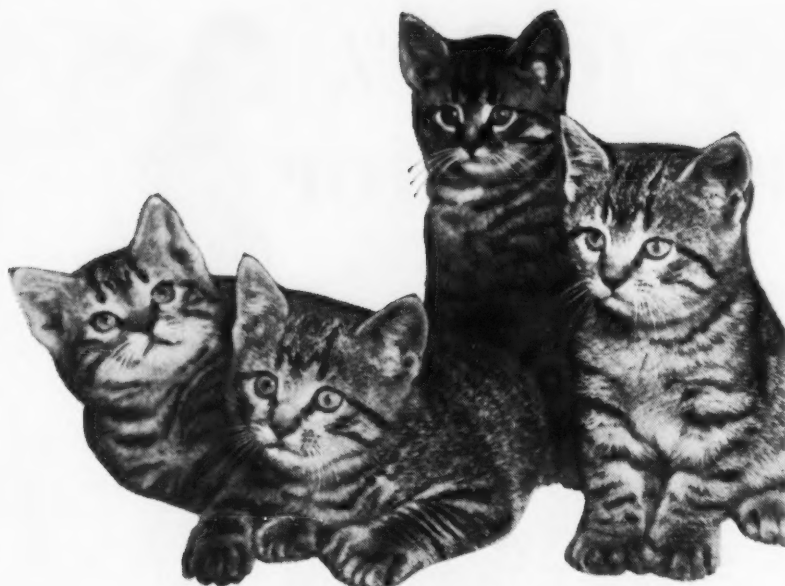
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Stamford, Conn.
Send free illustrated booklet and case studies.

Name

Address

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from the first when *all-new* Colitho Direct
Image Paper Plates and
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The secret of this greater *uniformity*
is that from plate to plate, box to box
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than ever before. And Colitho Etch
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sparkling appearance from every plate.

Systems men and duplicator operators
the country over are discovering this
great new uniformity Colitho gives
all their offset duplicating. For the name
of your nearest Colitho supplier,
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**COLITHO
OFFSET
DUPLICATING
PLATES
AND
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inventories to a two week supply
without risking out-of-stock losses.

Credit quandary

Another area where retailers are
particularly vulnerable is the
credit field. A spot check of the
credit experience of manufacturers
and wholesalers serving small town
retailers shows a decline in their
ratio of collections to accounts re-
ceivable during the past year.
They also report a modest decline
in the number of customers who
regularly discount their bills, and
a slight increase in requests for
post-dated billing and other special
credit considerations.

This is simply a reflection of the
retailer's own credit experience in
his community. Few small town
merchants refuse charge accounts,
and many are reluctant to press
for payment from customers who
may well be their next door neigh-
bor or their wife's best friend. Ap-
parently there is an almost univer-
sal feeling that unchallenged, un-
paid bills are somehow translated
into "goodwill." Some missionary
work along this line is being done
by manufacturers who send their
own credit men to retailers to ad-
vise them how to screen new ac-
counts (especially where no credit
bureau is available), shut off credit
when necessary, and turn unpaid
bills over to collection agencies, all
without losing goodwill. There is,
say the manufacturers, a pleasant
way of doing even the most dis-
tasteful job. Apparently the retail-
ers are eager for such help. Many
suggest that companies with house
organs should utilize them for ad-
ditional aid in this field.

Such help from manufacturer to
retailer is not, of course, com-
pletely altruistic. One firm esti-
mates that increased sales to its
retailers repaid the cost of the "aid
program" within six months, "...
and we have their goodwill as long
as they are in business." The re-
tailer, on the other hand, gets bad-
ly needed help from a compara-
tively unexpected source, and prof-
its by achieving a stable and sound
financial position.

Thus, in the fishbowl of the small
towns, there is at once the begin-
ning of a problem and the begin-
ning of its solution, a solution that
may stop the problem before it
ever really gets started. m/m

Short cuts with Recordak Microfilming

Latest reports on how this low-cost photographic process is simplifying routines for more than 100 different types of business . . . thousands of concerns



KEEPING UP WITH THE STORK

MEDINA, OHIO

No matter how fast the Medina County birth rate rises, you can count on its Health Department's record-keeping being up to date. Completely accurate, too.

Vital statistic records, which must be copied for the office file and forwarded to the State Capital, are now photographed in a Recordak Junior Microfilmer. This does away with tedious typing—and mistakes. A record that took 15 minutes to type is now copied in a *second*! At least \$3,000 per year is saved on typing alone. Other savings: 98% less file space is required, and large-size paper prints can be made from film records right in the microfilmer whenever needed.



DE-BULKING THE STARFIGHTER'S BLUEPRINTS

BURBANK, CALIF.

The pilot above holds 4,628 microfilmed drawings in his hands—all the plans needed to build the Lockheed F-104 Starfighter, world's fastest jet fighter—called "a missile with a man in it."

These photographically accurate Recordak copies, stored in 13 small boxes, replace blueprints which would stretch more than 2½ miles if laid side by side.

Recordak Microfilming, besides saving space, lets Lockheed supply armed-forces depots with complete sets of plans at lowest cost. And it protects Lockheed's valuable drawings against loss; makes reference to old drawings easy.



BILLING MADE EASIER

BOSTON, MASS.

The 125-year-old S. S. Pierce Company is world-renowned for its products, customer service, and handsome catalog, *The Epicure*, which is distributed semiannually to more than 100,000 connoisseurs of fine foods.

Recordak Microfilming makes it easier to bill the thousands of charge account customers who order through *The Epicure* or trade directly with the firm's eight stores (three in Boston, four in suburbs, one in West Hartford, Conn.). This low-cost photographic process lets S. S. Pierce return the original sales checks to the customer with a brief statement—does away with typing an itemized bill. This reduces billing costs and eliminates copying errors and delays in mailing, as well.

Many valuable ideas for your business

are described in a new free booklet, "Short Cuts that Save Millions." Full details are given, too, on new Recordak Reliant Microfilmer with Kodamatic Indexing—one of eight Recordak models for all requirements, all budgets. No obligation!



"Recordak" is a trademark

RECORDAK

(Subsidiary of Eastman Kodak Company)

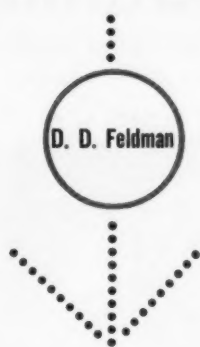
originator of modern microfilming—
now in its 30th year

.....MAIL COUPON TODAY.....

• RECORDAK CORPORATION
• 415 Madison Avenue, New York 17, N. Y.
• Please send free copy of "Short Cuts that Save Millions."

• Name _____ Position _____
• Company _____
• Street _____
• City _____ State _____

(Circle number 615 for more information)



THE MAN

*D. D. Feldman
President*

THE COMPANY

*D. D. Feldman
Oil and Gas*

THE DESIGNER

*Stephen J. Jussel
Arthur S. Vernay, Inc.
New York*

Number 460 Park Avenue in New York is a sparkling new skyscraper. Yet a step into the 21st floor offices of D. D. Feldman Oil and Gas is a step back to the Eighteenth Century.

The Feldman headquarters in Dallas are smartly modern. But the president wanted an entirely different environment for the New York suite—something that would create for visitors a feeling of pleasant retreat from the tempo of modern business life. Designer Stephen J. Jussel was commissioned to supervise both architecture and furnishings. A sampling of his results are shown on these pages.

Architectural details of the suite are mid-Georgian; furnishings range from the late Seventeenth through the Eighteenth Centuries. Each of the pieces, down to the last detail, has an interesting history. The paintings, chairs, lamps, tables and minor appointments are exquisite pieces in themselves. Combined as they are in the D. D. Feldman offices, the result is splendor and traditional warmth. m/m

where they work

the offices

A return to



To provide the proper setting for the highly traditional furnishings of Mr. Feldman's personal office, original oak paneling dating from 1690 was brought from Bower Hall in Essex, England. The fireplace is of Verte antique marble. Carpeting is red chenille, woven in Edinburgh.

Private dining room features series of early Continental stained glass windows, dating from the late 16th Century. The Jacobean oak paneling was handcarved around 1660. The dining table is early 17th Century Flemish, while the Carolean dining chairs, covered in elaborate petit and gros point needlework, are French.



of successful men

tradition

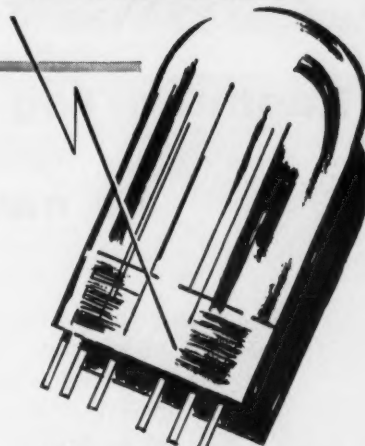


Mr. Feldman's mahogany desk is Chippendale. Leather button-back chairs and 160-year-old "Gentleman's social table," give clublike atmosphere. Reception room (inset) sets mood with marble floor reproducing 18th Century pattern.



Adjoining Mr. Feldman's office is a private bath and dressing room paneled in Roman Travertine. Both the floor and the lavatory counter-top are of antique Italian rose marble. All trim and metal fixtures are of polished brass.

TIMING DYNAMICS



The most reliable name in time equipment . . .
STROMBERG

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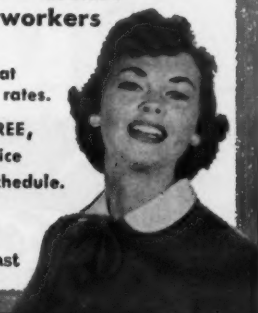
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Training Charts

to maintain adequate work staff

by **Frederick C. Allegeir**

Suburban Propane Gas Corp.
Whippany, N. J.

One of the biggest ulcer producers of a machine accounting installation is the realization that should an operator be sick, resign, or otherwise be absent, the installation would have to weather some very rough times because of the lack of adequately trained substitutes.

A minor headache can also be produced where large jobs of a non-recurring nature are required, and regular machine personnel are already putting in a full day's work. These situations occur most predominantly in newer installations, but if not properly met, they can be a continual source of terror in any installation.

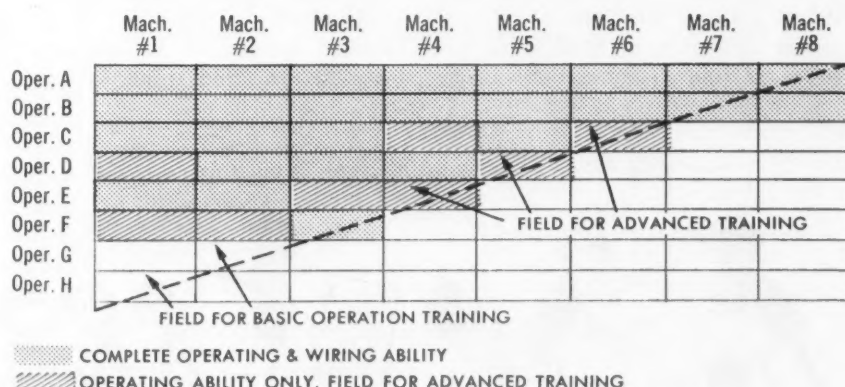
In view of such experience, we have developed a "Triangular Training Chart," and feel that, barring an extreme case, we need never worry about adequate strength in depth. Basically, the idea requires that all personnel within the one jurisdiction be trained within their capabilities on several machines. *This is regardless of whether or not their principal job is considerably superior to a machine job.*

The chart is arranged horizontally by machines and vertically by individual names in order of potentiality as regards machines. The

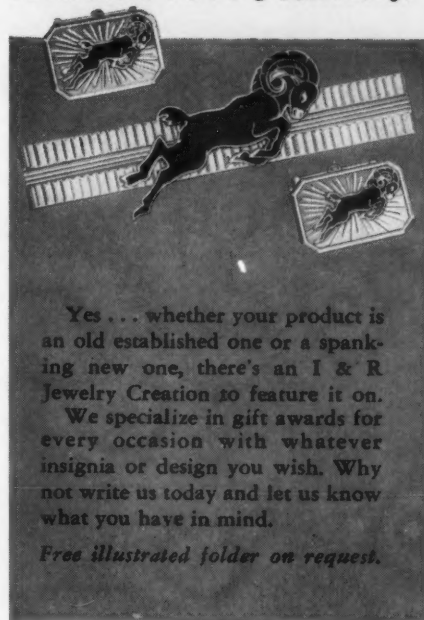
capabilities of each person are then checked in the proper position with, if desired, a different type mark indicating different capabilities. A sample chart (one in actual use) tells the story. From this pictorial presentation, the supervisor can detect immediately where an organization is weak, and make plans to have people trained on the necessary machines.

Looking closely at the chart, one would immediately reason that if a completely filled triangle is desirable, a completely filled rectangle would be utopia. However, at this point, one gets into the human element of such planning. If the employees on the lower step of the chart were as adequately trained as those on the top step, the chances are good that a natural problem of dissatisfied employees would arise.

Although this theory has not been proven by us insofar as a completely clerical operation is concerned, and it is possible that the problem is not quite so pressing, it is felt that a pictorial presentation of this type could provide a supervisor in that field, too, with an excellent picture of his department's weak points in time to remedy the situation through proper training programs. m/m



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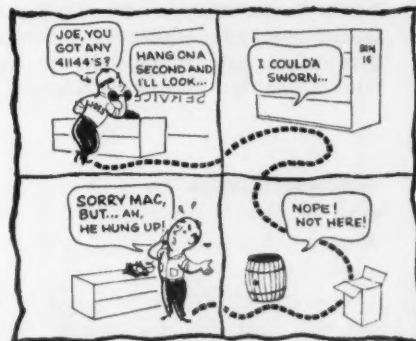
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Whom to pick when you delegate

You can use delegating simply as a means of clearing your desk—or for the added purpose of helping to develop the people under you. Further, by delegating to the less-than-obvious person—even an outside supplier—you may multiply the result. Here are six guides for using the direct approach in delegating.

EDITOR'S NOTE: This is the third of four articles on delegation by Dr. Laird, former head of the Psychology Department of Colgate Psychological Laboratory and director of the Ayer Foundation for Consumer Analysis.

————— To find out if a man is able to handle a job you want to delegate to him, give him a crack at it.

This direct approach is not without risk, but the risk can be minimized (*MM April, '57*) by such expedients as making the first delegations brief and self-terminating.

Men have built successful careers on not much else than mastering the art of delegating. This art isn't all intuitive, however. Here are six tips that will guide you in finding the right man to delegate to.

1. Find the man with unused abilities. Bosses often tend to judge their people by the efforts they put into their routine jobs—even though such jobs contain no real challenge. Experience shows that the average employee is usually capable of much more than an average job.

In an assembly plant, a third of

the supervisors was encouraged to delegate inspection, supply expediting and relief replacement scheduling to their workers. The delegating was done on an almost random basis, using average, run-of-the-plant workers. But in almost every case it was successful.

Workers *will* accept extra responsibilities, particularly if the tasks are interesting and can be fitted into slack periods so as not to cause undue pressure or emergencies in the regular jobs.

Line employees aren't the only people who have abilities that are being wasted in their jobs. Many if not most firms have executives, particularly at the lower and middle layers, with talents greater than their jobs. Dr. John W. Riegel of the University of Michigan's Bureau of Industrial Relations made

an experiment. He asked top executives in three firms to carefully judge which of their management people were handling assignments that required their full potential. In one company the top men agreed that only half of the management group was in such jobs. In another, it was only a third.

2. Delegate to wide range of people, not just a selected few. Every company has all sorts of small problems that need solving: smoking regulations, work clothing, hospital-medical plans, office layout refinements, holiday shift scheduling, salvage. Such problems are a natural means of testing a man's ability to handle responsibility—and building his confidence.

Recently a machine plant received an urgent government order. It required quick conversion

"He was prone to argue with his customers"



by Dr. Donald A. Laird

Industrial Psychologist

"A problem drinker was delegated the job of keeping others from over-indulging"



of a large section of the plant. But the methods specialists were tied up on another urgent assignment. So management delegated the conversion assignment to first line supervisors and some of the workers. Conversion proceeded so smoothly that it resulted in promotion for some of the men who had been behind it, and management has since followed an official policy of assigning responsibility to untried talent at the lower levels.

3. Find the not-so-obviously-qualified individual. Your natural inclination may be to delegate to the most handy employee, or the employee trained to do the job, or the one who has handled it before. This may be the easiest course, but it is not usually the wisest in the long run for these reasons:

- It overloads the willing horse.
- It may generate jealousy and opposition to the "favorites."
- It may create one or more over-confident "crown princes."
- Even more important, when you rely on only the best prepared few, you fail to develop the team in depth.

It may be more time consuming to delegate to the not-so-obvious man since it requires more time to

But don't delegate to . . .

Your superiors.

Most seasoned executives know they should delegate only to subordinates, but occasionally in a moment of weakness they make the mistake of delegating up the ladder—with disastrous results.

Other people's subordinates.

It's a breach of etiquette, to say nothing of organization, to give a job to another man's secretary or assistant. Even asking the other boss' permission can be touchy. He may not object openly, but his employee may feel imposed upon.

Your subordinate's subordinates.

Don't try to shorten the chain of command through bypassing your immediate subordinate and dealing with his subordinates, even in a big rush. Those links in the chain are probably there for a reason. You may be duplicating your subordinate's efforts, and embarrassing him to boot, if you step over him.

Anyone off the job.

Executive authority ends at the company gates. This applies to relationships with employees and/or outsiders. Some firms that urge their executives to become active in civic groups add this footnote: "Participate, but don't dominate." Remember that community projects can't be run exactly like businesses.

explain the job to him, and he will probably work slower. But the benefit comes as each person masters the new job, and thus can help in training the next.

Actual cases show that the team's over-all productivity generally goes up when the dark horse is given a chance to prove himself.

4. Find the man with a weakness. You can help a man over-

come a weakness with heart-to-heart talks, with lectures, even with threats. But you can do an infinitely better job by *delegating* to his weakness. If you are giving a man a job to develop a new skill, tell him so tactfully.

An engineer whose reports were almost unintelligibly technical was told of his problem and was given some sales department writing



"Salesmen jump at the opportunity to help"

jobs to handle—promotion folders, customer instruction and repair sheets. With a seasoned writer editing his work, he soon learned that he could express himself in non-technical terms.

If, however, your purpose is to overcome a personality weakness, don't tell your man that this is the purpose of your delegating. Clinical psychologists agree that it is useless, even hazardous, to tell a person of his personality flaws and urge him to overcome them. Ideally, the individual should discover his own weakness and generate his own desire for improvement.

There's the case of the sales engineer, technically proficient, who was prone to argue with his customers. His sales manager assigned him the job of heading two seminars at a sales meeting, one on "the relative usefulness of praise and criticism in selling technical equipment," the other on "ways to keep from being drawn into an argument by the customer." He was given these assignments because of his "sound analytical approach to problems." After preparing his presentations, the sales engineer went to his manager and declared that he now realized he had been falling into traps he hadn't recognized before.

Here are a few more examples of how a delegated job can help a man overcome a weakness:

- A management trainee who never planned ahead was asked to make some surveys of future opportunities for his company, then write up his findings in reports.
- A junior executive who habitually jumped to conclusions was

asked to gather all pertinent facts on a certain project, prepare a detailed summary and base recommendations on what he found.

- A lone wolf executive, who neither gave nor received cooperation, was asked by the company president to handle a request from a magazine for an article on the pitfalls of lack of management coordination.

Sometimes there is reason to delegate a job you know the man cannot handle. A planned failure may bring a too cocky employee back down to earth.

5. Delegate to your suppliers.

Service has become a key word in selling today. A good deal of business is sold on the basis of the extra services the supplier provides. In many fields, salesmen jump at the opportunity to be of some special help when it ties in with the product or service they are trying to sell. For example, business forms and business machines companies will often completely reorganize a customer's paperwork system at no cost. Firms selling plant machinery and tools will often help you redesign your product so you can use their equipment better. Even when there isn't a possible order in the picture, many suppliers will take on jobs for you simply to show their willingness to help.

It is a mistake not to take advantage of these opportunities to delegate to a supplier. Usually it involves little or no cost and sometimes the supplier can do the job better for you than your own people anyway.

6. Delegate to the problem employee. Almost any problem

can be solved, at least in part, by a suitable delegation. For instance:

- A veteran sales clerk grown lax on rules was delegated to the job of training new girls with emphasis on rules and regulations. She had to become a good example.

- Three young pranksters working together in a folding box plant were each assigned a different day to check on rejects. The rotating delegation added zest to the task; spoilage and pranks were reduced considerably.

- The sales vice president of a watch firm delegated his problem drinker the job of keeping the other boys from over-indulging at the sales convention. It worked.

Turnover of ambitious workers has been curbed by delegating to them duties which enlarge their jobs and use more of their abilities.

Even the eager beaver, whose conscientiousness may be disparaged by his teammates, can be helped by delegations that don't require cooperation from others—or at least from members of his regular work group.

In the last analysis, the most important ingredient of delegation is complete trust. The employee needs to know that his chief will not:

- desert him in a battle
- withdraw adequate authority
- condemn him for a blunder
- make decisions in his absence
- hold back secrets
- delegate someone else to spy on him.

The employee wants to know that his boss will coach him and give him the benefit of his own experience. m/m

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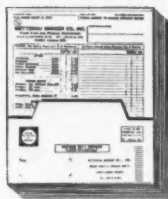
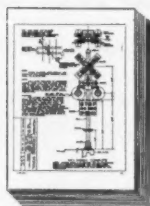
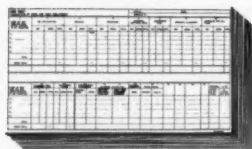
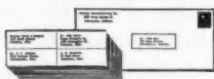
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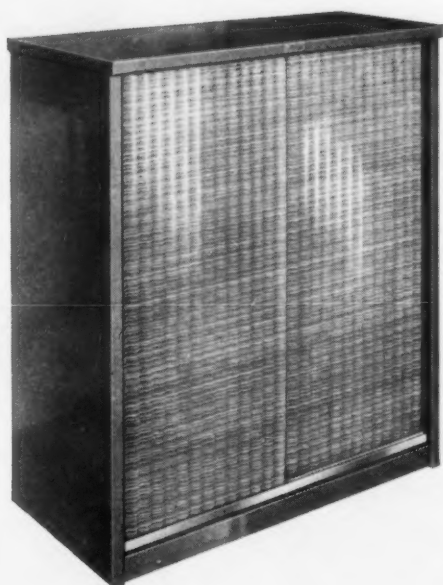
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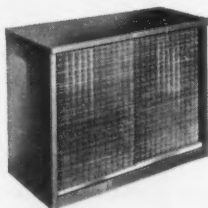
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Don't get by wage

Wage incentives can make output zoom. But they are also loaded with dangers. To side-step these dangers you must first know where they lie. Here are the experiences of some firms that have become ensnared.

WAGE INCENTIVES AS A MANAGEMENT TOOL. William B. Wolf. Columbia University Press, New York. 143 pp. 1957 \$3.50.

EDITOR'S NOTE: A notable contribution to management literature is William Wolf's new *Wage Incentives as a Management Tool*. The book is based on depth studies of 26 firms using wage incentives in their plants. With simple, jargon-free writing, Wolf demonstrates both the plus and minus aspects of wage incentives, then goes on to show how to eliminate the negatives, and accentuate the positives. The author began his study in 1944 while connected with an industrial concern, finished it after joining the business faculty of the University of Washington. Any executive who wants to get more from his people will find this book packed with ideas. Following is a condensed sample of what it has to say.

The actual operation of wage incentive systems involves numerous problems: problems involved in setting standards of output, and problems concerned with the maintenance of an acceptable wage structure.

One of the distinctive features of all wage incentives is the fact that an explicit standard of output is determined for each job or task. The study of individual cases reveals that in all local plant situations this process involves a fundamental struggle by workers to obtain loose standards of output. The workers recognize that their self-interest is served by maintaining liberal standards and by producing at a rate in excess of the standard.

Workers employ a number of techniques to obtain loose standards. One of the most dramatic is the deception of management representatives. The evidence uncovered in this investigation supports Henry Dennison's statement that "... no time study man

booby trapped incentives

living is clever enough to best a moderately clever mechanic and discover the true time."

Case No. 4. An example of worker cleverness in outsmarting time study men showed up in a basic steel plant. A former operator on the skin mill recalled how he had succeeded in obtaining a standard of 120 coils per hour for a job on which the workers could easily produce 300 coils per hour. He did this by distorting the tension on the steel. When the time study men requested that the mill be speeded up, the uneven tension on the steel would cause a breakdown.

The slowdown is a second technique used by workers in attempting to obtain loose standards. The relationship between the slowdown and the deception of rate setters is revealed by the fact that frequently the mere suggestion that a time study may be taken will slow up an entire operation.

Case No. 3. This phenomenon is illustrated by the fact that not only did the workers slow down every time a new garment was put into production, but in one case, when a style number was changed without a corresponding change in the product, production immediately dropped.

Although it is relatively easy to recognize a slowdown, proving its existence is extremely difficult. Generally the workers rationalize their drop in production in a manner that leaves room for doubt as to the real reason for the decline in output.

The economic loss that workers will incur to sustain a slowdown varies from situation to situation. Frequently it is of considerable magnitude.

Case No. 4. One of the costly slowdowns noted during this study was observed in a basic steel mill. The tin plate bundlers were put on a wage incentive plan in the latter part of 1950. At that time the workers were averaging 16 to 17 bundles per day. Time studies revealed that a more realistic output was 66 bundles per day. From the date of the installation of the incentive plan until the time of these observations (March 1953) the production was pegged at 16 to 17 bundles per day. Because of this the workers have been averaging around \$1.615 per hour, rather than the \$2.88 they can earn by producing 66 bundles per day.

Maintaining an acceptable wage structure

In each manufacturing plant there exists a wage structure which, over a period of time, has become

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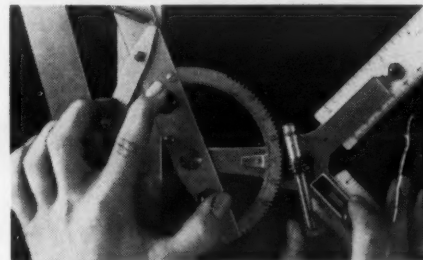
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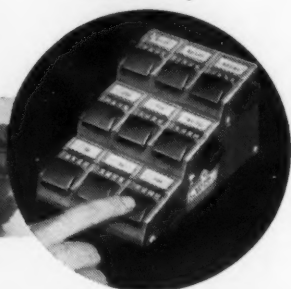
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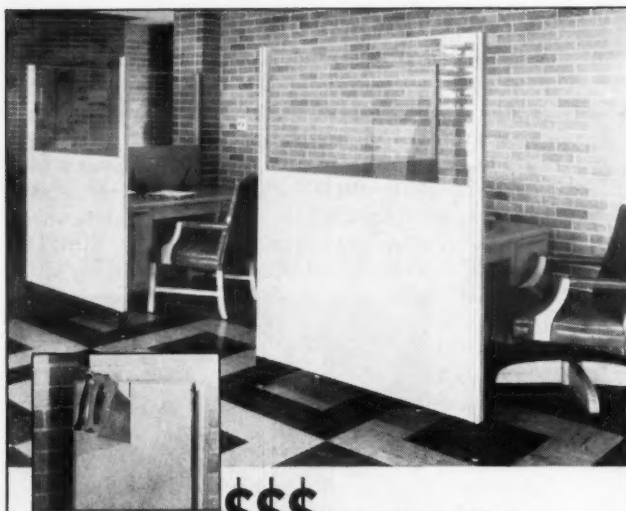
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generally accepted. Usually it reflects the relative worth of the various jobs in the plant. In addition, it tends to rank jobs according to their places in the plant's social hierarchy. Moreover, it is a commonly held value judgment that a worker's earnings should reflect the recognized or accepted value of his job as well as his ability in performing on that job.

Wage incentives inject a dynamic element into the plant's wage structure. Earnings may become divorced from the individual's merit and the recognized value of his job, and the resulting wage structure may cease to conform to prevailing concepts of fairness and justice.

Case No. 1. An illustration of the distortion that may occur in the wage structure under wage incentives is the experience of a plant manufacturing asbestos products. The job carrying the greatest number of job evaluation points (machinist supervisor) actually received less per hour than a semi-skilled job (pipe covering finisher).

Variations in earnings that occur under wage incentives give rise to many problems:

The development of pressures for the rapid establishment of standards on new jobs. If the workers suffer losses in earnings while working on non-rated work, they may agitate for prompt setting of standards.

Case No. 1. When the system was partially installed all of the production departments clamored for coverage under the wage incentive plan. Furthermore, in an effort to speed up the rate of installation of standards and to encourage the setting of loose rates, the workers on nonrated jobs slowed down.

The tendency for wage incentives to be expanded to cover jobs that are not reasonably suited to such a method of remuneration. Sound wage incentive systems require the standardization of work. Their satisfactory operation requires that the units of output be definable with precision, and that the conditions of work be maintained with substantial uniformity over periods of time. The variations in earnings occurring under wage incentives brings about pressure for management to ignore these requirements. The workers on unstandardized nonincentive work point out that their earnings decrease relative to those of workers on wage incentive jobs, and they attempt to have the traditional earnings differentials restored. Generally this is manifested as a demand for the installation of a wage incentive system to cover the non-standardized work.

Case No. 8. In a plant manufacturing hospital supplies the maintenance mechanics argued at length that they should be included under a bonus plan. They pointed out that the production workers were averaging approximately 40% bonus.

The development of grievances over standards of output. Workers judged the correctness of standards of output by making comparisons between the ease of earning bonus pay on a specific job with the ease of earning it on other jobs. Variations in the looseness of standards and the related variations in earnings bring about numerous grievances. The general tenor of these is that "the standard on my job should be lowered to allow my earnings to be consistent with my previous earnings or with earnings of other work-

ers." Implicit in these grievances is the theory that a correct standard is one which provides a consistent bonus.

The development of animosity among rank-and-file workers. A contributing factor to friction in the plant is the fact that the structure of earnings under a wage incentive system often violates the worker's concept of justice and fairness. For example, the old-timer who finds that newer men earn more than he, is apt to be resentful. The existence of this feeling was indicated by one long-service employee in *Case No. 9*. He asked the interviewer: "How would you feel if you found that kids who have been around only a few months earn \$10 to \$15 a week more than you do?"

Occasionally friction among workers develops when the plant as a whole is forced into a costly slowdown or strike to support the demands of a special wage incentive group.

Case No. 4. An example of this occurred in a basic steel mill. The workers on a new pickling line embarrassed their union and antagonized their fellow workers by producing at a level which proved that a costly strike of the entire plant had been unwarranted. One of the workers expressed his resentment in the following manner: "Those——! We went on strike thinking management was trying to force a tight rate down their throat. Now we know that it was just a bunch of greedy guys trying to clean up. Look what they're earning now!"

The establishment of ceilings on output. One of the persistent phenomena observed in the field work of this study was the maintaining of ceilings on output. It was noticed that most workers are participants in a concerted effort to keep bonus earnings below a specified amount.

Management representatives point to consistent bonus earnings as the most frequent evidence of ceilings on output.

Case No. 8. The industrial relations manager in a plant manufacturing hospital supplies stated: "In most of our departments we have unofficial ceilings on output. For example, the girls on the machine making adhesive bandages have made fairly consistent earnings for the past three months."

More direct evidence of ceilings on output comes from interviews with union officers and rank-and-file workers. Generally they report specific limits on bonus earnings.

Case No. 23. In a plant manufacturing diesel engines a radial drill press operator stated that he was expected to make exactly 26% bonus.

Case No. 10. The local union president of a plant manufacturing valves said: "We try to keep the boys in line. We don't want anyone making more than 50% bonus."

The development of fraudulent practices. The use of wage incentives provides workers and lower level supervision with an opportunity to use sharp practices to further their own special interests. Activities of this kind center around maintaining a constant level of earnings and/or increasing earnings without related increases in output.

Case No. 26. The falsification of production records to keep earnings from becoming exceptional was noted in a paint manufacturing plant. The industrial

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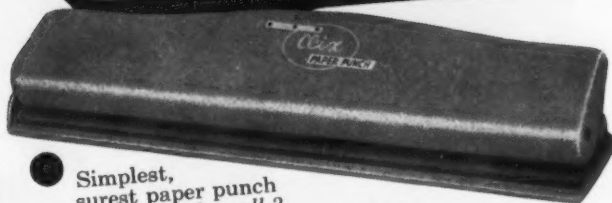
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engineering department noticed discrepancies between the reported production and material transferred by the receiving and stores departments. An investigation of the situation revealed that the foreman screened all work tickets. He reported only that level of production which was consistent with the established ceilings on earnings. Any excess production was held in reserve. It was turned in only if current output failed to provide ceiling earnings. m /m

capsule

BOOKS FOR MANAGEMENT

reports

Guide to effective speaking

BUSINESS SPEAKING, A TEXT AND WORKBOOK, by J. F. Clyne, C. A. Doyer, E. J. Kilduff and R. M. Zink. Oxford University Press. New York. Paper bound. 1956. 233 pages.

"How to make an effective business speech" might well be an alternate title for this book. Point-by-point, it explores the various aspects of business speaking. Concise instructions tell administrators when and when not to use some elements of speech making. Numerous examples highlight the presentation.

The paperbound book is designed for either individual or group use; in either case it is a working guide to more effective speaking. Drills, worksheets, checklists and necessary instructions are bound right in the book. Illustrations enhance the material.

The authors note in their introduction that most of their selected speeches are persuasive in nature—as would be expected of good business speaking. All varieties of speeches are examined and explained. Speech improvement is covered, and includes instruction on pronunciation, word use, vocabulary, grammar, delivery rate and articulation.

How to save on business taxes

STANDARD HANDBOOK OF BUSINESS TAX TECHNIQUES. Edited by J. K. Lasser Tax Institute. McGraw-Hill, Inc. New York. 1957. \$14.

How you can save money otherwise paid to the government is explained in this guide book to business tax methods. The key to the whole problem is in making the right decision at the right time. For instance, tax law allows you freedom of choice on how to handle many business problems. These might be in relation to dividends, rent, royalties or compensation.

No prior knowledge of taxes is needed to understand the book. It covers taxes in relation to advertising, and research and development. You learn how to pick the right course to get a smaller tax, a deferred tax, or no tax at all.

Proper management decision leads to smaller taxes. Before you can make these decisions, says *Standard Handbook of Business Tax Techniques*, you must know how to evaluate your tax situation.

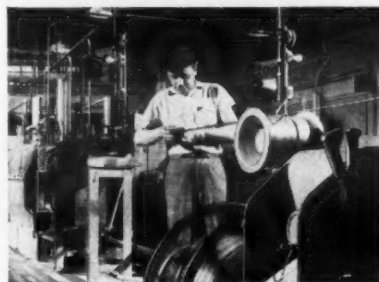
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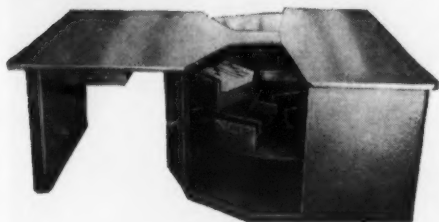
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Home Study Course In Programming Business Computers

A home study course, the first and only one of its type, is being offered by Business Electronics Inc. Designed for people without technical training or experience, it is based on a similar course members of the firm developed and are teaching at a large University.

Students are taught to develop and program electronic systems for business problems such as Payroll, Accounts Receivable, Inventory Control, etc. for a theoretical electronic computer called BEC.

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Free brochures describing the course are available upon request from Business Electronics Inc., Educational Division, 420 Market Street, San Francisco 11, Calif.

(Circle number 633 for more information)

consensus

ELECTRONIC BRIEFS WORTH REPEATING

Bank posting machine cuts labor time, errors

National Cash Register Co. has put on the market an electronic bank posting machine that will cut in half the time now spent posting checks and eliminate almost all accounting errors.

Six of the machines have been installed in the Passaic-Clifton (N. J.) National Bank and \$15 million in orders have been received from other banks throughout the country.

The machine, called the Post-Tronic, electronically determines whether the correct account has been selected in posting checks and deposits. It picks up the old balance, assures that it is not overdrawn, detects stop payments and adds and verifies trial balances.

It can eliminate an estimated 75% of the manhours required to locate and correct errors.

The Post-Tronic has been priced at \$11,000, putting it within reach of most of the nation's 13,640 commercial banks.

For further information, circle number 733 on the Reader Service Card.

electronic equipment used in tabulating the 1960 census.

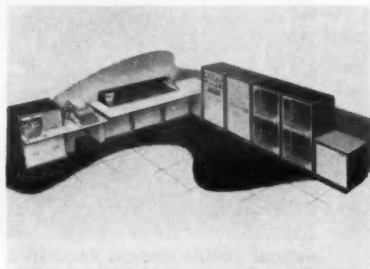
The machines will replace two older UNIVACS, one of them the first ever built. The original units have been in almost constant use since their installation. The new machines will provide additional capacity due to their faster speed.

The Bureau has used its computers for many current and special surveys, in compiling foreign trade statistics and in tabulating and computing work for other agencies.

Recently they were used in tabulating the data collected in the 1954 Censuses of Business and Manufactures.

Philco building new computer

Philco Corp. is constructing the first of two completely transistorized TRANSAC S-2000 com-



puters for delivery in 1958.

TRANSAC S-2000 is a large scale electronic data processing system designed for on-line and off-line commercial applications. Transistors plus printed circuitry give light weight, low power consumption, high speed and extreme reliability, in addition to compactness. Air conditioning requirements are low; cooling normally required for human comfort is sufficient. Because

Census Bureau to put two new computers in service

Contracts to purchase two new Remington Rand UNIVAC computers have been signed by the United States Census Bureau. The computers are to be delivered in 1958 and will constitute the nucleus of the

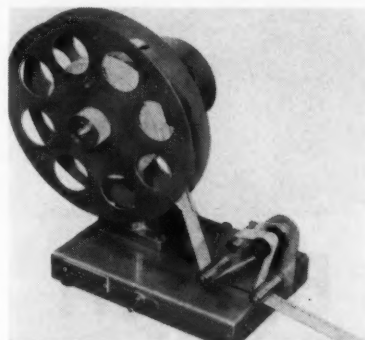
the computer portion of the system can be plugged into a standard 110 volt, 60 cycle socket, it requires no special wiring or other installation.

As an example of its proficiency, the makers say this unit coupled with a high-speed printer will be able to print the entire payroll for 10,000 employees in less than two hours. This is based on a payroll check containing six lines of information. A typist would take 30 days to do the task.

For more information, circle number 734 on the Reader Service Card.

Electric winder for common language tapes

A new electric winder for common language tape, featuring variable speed and ten-



sion, has been put on the market by Whiteford Laboratory.

The winder, or rewinder, has a uniform right side winding and uses the stalled torque principle. It has no springs or clutches and a low power consumption.

The winder will adjust to any output speeds up to 240 lines per second at the core and is instantly adjustable to tensions required from one-half to 15 inch-ounces.

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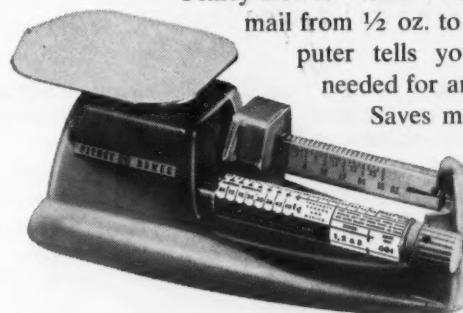
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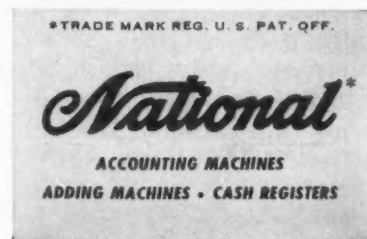
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PROFILE OF A NEW KIND OF MANAGER:

(Continued from page 28)



Appley conducts a top level staff meeting at the American Management Association offices

about setting up an internal management training program?

A. All kinds of assistance and material are available. Most management consulting firms can be helpful in this way, for example. Of course, AMA has material available on this subject and we conduct courses on how to do it.

Size as a factor

Q. Would you say, Mr. Appley, that large corporations and giant firms have an advantage over small business organizations in the present scheme of things?

A. I'd say that both large and small have certain advantages over the other. And I feel that each is better

off because of the other. The small company benefits from the huge research and development projects that only the giants can afford. In return, large companies are dependent on thousands of small suppliers and vendors. Big companies are also dependent on the small operator for the competition that keeps them sharp and on their toes. I have heard the General Electric people say time and again that it isn't the big competitor they are afraid of, it is the small one. They say this graciously, and I'm sure they mean it.

Q. Are there any other advantages that the small firm has?

A. There is nothing that tops the

incentive of running a small business. You can see your own results—you are responsible for what happens. If a mistake is made and a company goes broke, that's your fault. But if there is a great success and a landslide of good fortune, you have the satisfaction of knowing you made it happen. Big companies often find that this kind of incentive does not exist within their ranks. And that's why we have the trend of decentralization. Big companies are attempting to regain the advantage of the little company by giving the decentralized manager as much autonomy and sense of owning a small business as possible.

Q. But isn't the head of a small business at a disadvantage in that

he cannot afford the staff of management specialists that the large corporations can support?

A. The answer is that he *is* at a disadvantage. But this staff of management experts and administrative aids that the big company can afford is available to the small operator in two ways. First, it is a function of management consultants to fill this gap. Second, if I may allude to our own situation, we believe that the mission of AMA lies in this area. We offer management training and development programs that small companies could not afford to run themselves. Now, 70% to 80% of our meeting attendance comes from small companies—firms of less than 500 employees.

The smallest company we have yet found participating in our work has just seven employees total. That is getting down pretty small. It's Harvey's Hardware Store in Falmouth, Mass. Harvey Martin,

the owner, took our management course. The story of the results he got—what happened to him and to his business—is truly thrilling.

Q. Are you saying that the administrative problems of a tiny business and a giant business are essentially the same?

A. We know this is true.

Q. How extensive has been the growth of management training in the last 10 years or so?

A. Ten years ago it would have been difficult to find 15,000 executives attending formal training sessions in this country. Today we figure there will be close to 300,000 in formal training classes this year. Ten years ago, AMA had 9,000 men attend its functions. This year there will be 80,000.

Q. What has been behind this great interest?

A. Necessity! Management jobs

have more than doubled in number in the last 10 years. This in itself causes a shortage of managers. But there are other things that affect this shortage. The depression of the '30's means that young men who would have been in training then, if firms could have afforded it, would be right in their prime now. The Second World War cut into the management ranks because of the young men who went away and never came back. The largest cause of the executive shortage, however, is the increased complexity of the job.

Q. It has grown in scope?



A. Yes, and here's an illustration. Bob Minckler is the president of General Petroleum Co. in Los Angeles. This company is a subsidiary of Socony-Mobil, which

is one of the Standard Oil companies. Bob makes the point that

"Most of our meeting attendance comes from small companies—less than 500 employees."



SMALL BUSINESSES HAVE ADVANTAGES

Q. Do you feel that the big firm does not possess a competitive advantage?



A. I feel that the greatest competitive advantage is with the little fellow. He has far greater challenge and opportunity. He has huge potential for growth. He can remain more agile and flexible, which means he can move more freely and quickly than his big competitor. He can make changes more easily. And he has

the advantage of terrific technical and management know-how that big companies develop and which accrues to him at no cost.

Q. What about the fact that so many smaller businesses fail each year?

A. That isn't because they are small; in many cases it's because their managements are incompetent. They don't take advantage of the opportunities available to them. The management training that is now available is one of the biggest of these opportunities.



his one subsidiary is bigger in capital investment, in assets, in sales, in profits, in number of employees than the entire Rockefeller oil empire was when John D. retired from business. In other words, you can't discount what men like Rockefeller and Carnegie did, but their jobs weren't as complex as are the jobs of today's managers.

Q. Is it then mostly the large size of business firms that results in the need for more managers?

A. Size plus complexity.

Q. Well is it the size of firms that makes the job more complex?

A. Not only that. There are a number of publics with which management must be concerned and these various groups have been increasing their voice in business—stockholders, labor, community, vendors, government. These publics make far more demands on a company's management than they did 20 or 25 years ago. In those days, the average manager could say the "public be damned" and get away with it. You can't do that today. The manager must get along with all of his publics, and this takes considerable skill.

Q. Would you say that because

some progressive firms began applying scientific management methods to their operation, other companies were forced to follow suit in order to stay competitive?

A. Exactly. An amateur, untrained weekend golfer is never going to stand up in front of a well-trained, skilled professional. The manager of today must be a competent, well-trained, skilled professional if he is going to keep his company in the game.

Conference benefits

Q. When an executive participates in an AMA conference, seminar or other program, what do you feel is the biggest benefit he receives?



A. It is impossible for a man in management to take two hours, two days, two weeks or two months, doing nothing but thinking of how to do his job, and listening to men from other companies explaining how they do jobs similar to his, without his returning to his company equipped to do his job better. It is just impossible to devote yourself to thinking about ways to do your job bet-

ter without doing it better. The greatest benefit a man gets by taking time off to participate in AMA is that by so doing he stimulates himself to think about management and sees the methods other companies are using to do a better job.

Q. What happens when a man finishes an AMA program, returns to his company, attempts to apply the things he has learned and to sell his new management thinking to his boss and his associates?

A. Well, a number of things happen, and many of them aren't good—they are unfortunate. If he returns to a situation where his boss and his associates are not sympathetic to the value of what he has received, he may run into some disappointment and frustration—and even some ridicule. It takes a lot of intestinal fortitude and orientation for a man to be prepared for what he is going to go home to. He may run into such observations as, "Well, you've been off for a couple of weeks on a vacation, so let's get back to work." This may be a facetious comment, but it may hurt the man who has really gotten something and is enthusiastic.

Another thing can happen: in

Lawrence Appley's management team



They are (l to r) Robert F. Steadman, vice president for administration; Charles M. Skade, controller; Philip Jones, assistant to the president; Harwood F. Merrill, vice pres. and editor; Franc M. Ricciardi, vice pres. in charge of divisions.

his enthusiasm, the manager may go back and try to institute some of the things he has learned too fast! He doesn't take time to orient his own people as to what he is doing and why. Suppose he is a man who has never clarified the positions or work of his people. Suddenly he begins setting up formalized methods and procedures. He sets up a rating system of some kind. People naturally are going to be suspicious, and they aren't going to react well. The problem arises from the fact that he has not put his people through the same kind of orientation he has received.

The problem of acceptance from above, incidentally, is one of the reasons why we urge that a man's superior attend our meetings first. Then as each new level of a company's management comes into AMA and returns to the company with a new attitude toward things, the men at that level are assured of acceptance of what they have learned by the men above them. I think one of the great reasons for AMA's success is the fact that a president of a company will take our management course or our presidents' course, then go back to his company and send his officers

in to receive the training, and they in turn will send their department heads in to take it. When that happens, you have a trained triangle, a situation in which terrific things can happen.

Q. Do you try to encourage companies to follow this pattern, or do you promote it as the best way to benefit from management training?



A. No, we don't have to. It has evolved that way. AMA is 34 years old and a large number of the top executives in business today started participating in AMA when they were young men in lower level positions. They have grown up in AMA, so that when they hit the top they're just saturated in it—they believe in it because they have benefitted from it. They pass the word along to their business associates who have not had this experience. For example, a man might tell an associate of the value he could receive by participating in our presidents' course. Now, this summer our presidents' course will be limited to 60 participants, but already we have a long waiting list of men who would like to get into it. The

list gets longer every day. We don't publicize the presidents' course—the word just seems to get around. Of course, AMA works only with the top third of management people—upper-middle management on up. We do not attempt to provide services for people below that level.

Q. Do you feel that formalized management training is a necessity for success in management today, or are some executives endowed with the ability to do their jobs well by instinct?

A. There are individuals who are just natural born leaders and managers. But if I may go back to the golf analogy, the natural born golfer is going to be better if he takes lessons and practices and trains himself. The natural born golfer may come in with a good score the very first time he goes out. With the dub, on the other hand, there is no use keeping score. The first time he goes out—he loses the balls, the clubs and everything else. Now suppose they both take lessons—they both practice—they both try to do better. Someday the natural born golfer is going to be breaking par on every course, and the dub is going to be playing regularly in the 90's. Well, that isn't too bad for a businessman's golf—it's an acceptable game. I'm saying this: regardless of how good you are, you can always do better with training.

Q. Which would you put first—the natural born manager or the carefully trained manager?

A. I'd love to have a baseball team all made up of DiMaggio's. I'd love to have a management all made up of natural born leaders. But unfortunately, there are nowhere near enough of these men.

Q. What is the caliber of the numerous management training programs being offered today by colleges, by associations, by consulting firms and so on? Is sound material being taught?



A. Generally speaking, yes. There has been terrific improvement. It encourages me that the "package deal" is going out of business. I'm referring to the kind of

package program that is offered to everyone—regardless. In the early days of business management training, and in the rush of enthusiasm, many companies fell for this kind of training. The claim was that anyone who graduated from one of these programs would be a good manager. Well, management people have now caught up with the quacks.

Q. Do you think these quacks are still operating?

A. Oh, some of them are still operating but there are not as many people falling for their claims.

Q. In a competitive economy, why are so many executives, many of them from competing companies, willing to sit down together in AMA and exchange information on how their companies deal with specific problems?



A. Well, I don't know when it started, but somewhere along the line, management people learned that they get more than they give in this process.

Here's an example of the change in attitude that has taken place. Twenty-five years ago, I was chairman of a committee of a company to which I belonged. The function of our committee was to develop a new dealer merchandising program. We wanted to find some way to help our dealers do more business. For this meeting, the company hid us away in a hotel in Albany. We weren't allowed to leave the hotel, and only one person knew where we were. Not even our wives knew where we were. All of these precautions were taken because the company was afraid some competitor might get some of the information we were exchanging among ourselves.

One of the members of that group is today a department head. Recently, he appeared before an AMA

management board and passed around to everyone present copies of a procedure that had the word "Confidential" written heavily across the top. The material told how the company had approached a certain task and what the results were.

Q. Was everyone permitted to take this material away with him?

A. Oh yes, each received a personal copy to take back to their companies. Obviously, the attitude of this company is that by giving out that material, and working with representatives of other companies, explaining how they had solved this particular problem, they, in turn, can expect to receive information from all of the companies represented in that room on how they solved certain of their problems. So if one company gives information on problem-solving to 15 other companies, for example, that company can expect those 15 others to give something in return. Obviously, by participating in AMA a company gets more than it gives.

Q. Do firms usually discuss their competitive secrets in such sessions?

A. No, they seldom give away competitive secrets. The purpose of AMA is to give managers of different firms an opportunity to exchange ideas on their techniques and methods of management.

Q. Why is it, Mr. Appley, that so many top level business executives are willing to contribute freely of their time to AMA, by leading management programs, for example, without financial return?

A. I'm not so sure they don't get a financial return, indirectly. Let me give you an illustration. A few years ago, one company spent \$40,000 or \$50,000 to put on a program for us at our packaging conference in Atlantic City. They brought in huge equipment, and they brought in their product, and showed how they were packed. They brought in most of their engineering staff to talk to people about packaging. Now that firm has told us that in the process of planning this presentation they found enough things wrong with their

own procedures to save \$1 billion. Many companies and individuals tell us relatively the same thing: in preparing a presentation for AMA, they get a great deal of benefit through self-analysis. It actually brings a financial return.

Q. Can a man spend so much time participating in management training programs that his job suffers, instead of benefits? Is there a point of diminishing returns?



A. I think so, definitely. But I don't think we have approached that spot yet. I haven't met anyone who has had too much management training. A good case

example I know concerns the president of Weatherford Oil Co. in Texas, Jess Hall. He spends a good percentage of his time in management courses. He took our management course, he took our president's course, he took our executive action course, he comes to seminars, he attends our general management meetings, he serves on our planning council. I know he has been to some of our leading colleges and universities. He's one of the best management educated man I know. He will tell you that he considers it his job to keep coming back to these things, learning more, strengthening his management knowledge and then carrying his know how back to the people in his company, and transmit it to them. Has he overdone it? Well, all I can report is his company is booming. m/m



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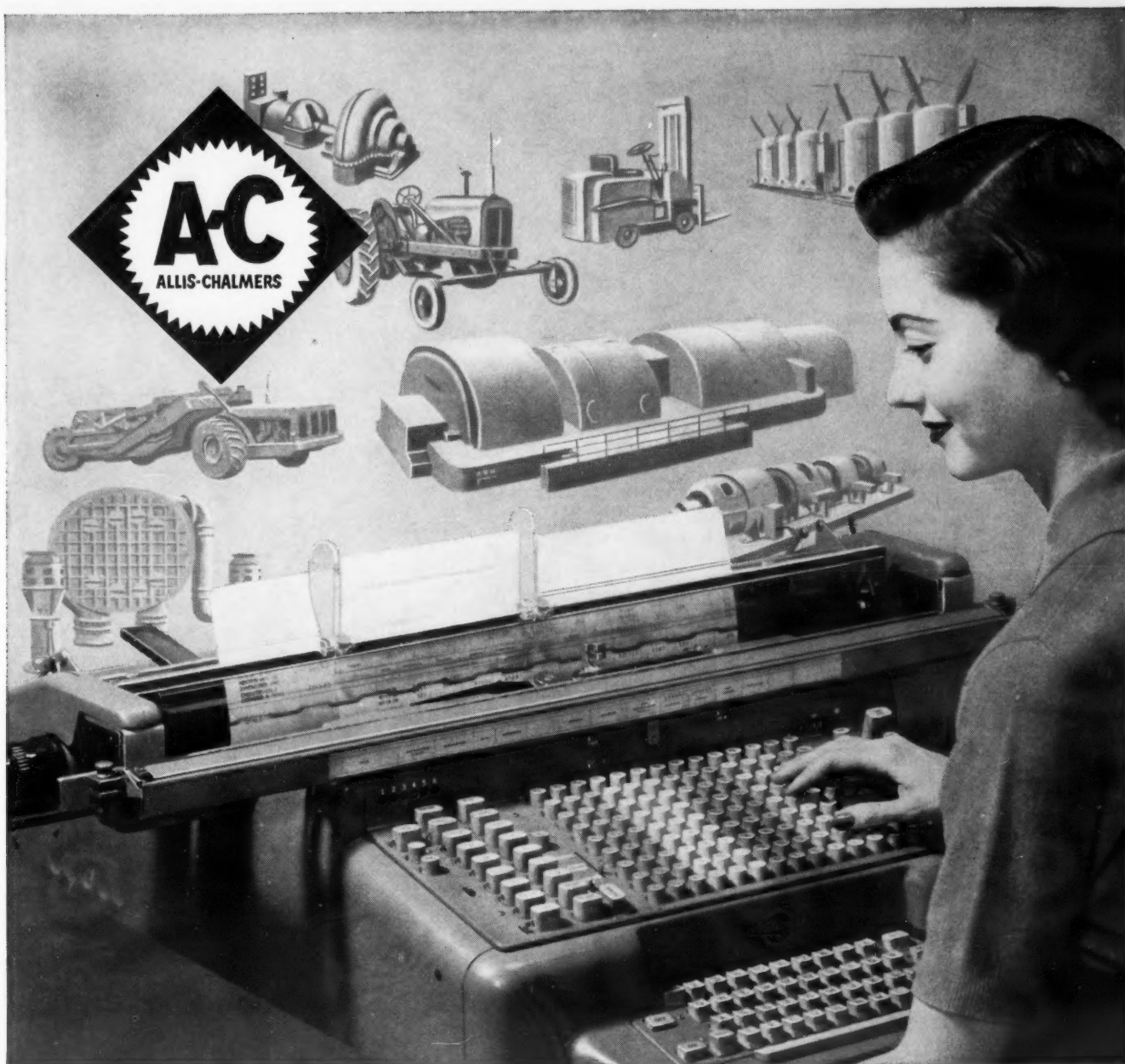
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